

C O N T R A C T S U M M A R Y S H E E T

| | | | |
|--|--|---|--------------------|
| RFS Number: | 318.65-080 | Contract Number: | FA-03-15069-06 |
| State Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |
| Contractor | | Contractor Identification Number | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | X V-C | 752548221 06 |


Service Description

Development, Implementation and Replacement TennCare Management Information System (TCMIS)

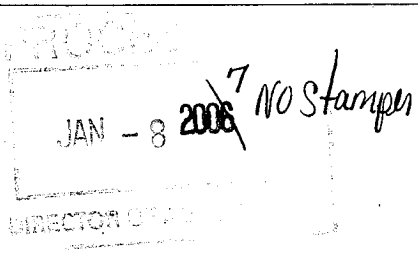
| | |
|----------------------------|--------------------------|
| Contract Begin Date | Contract End Date |
| 08/12/2002 | 12/31/2008 |

| | | | | | | |
|-----------------------|--------------------|--------------------|-------------|--------------|-------------------|----------------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| 318.65 | See Attached | 083 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|------------------------|------------------------|-------------------------|---------------|---|
| 2003 | \$1,732,924.21 | \$15,596,317.85 | | | \$17,329,242.06 |
| 2004 | \$2,774,088.71 | \$8,322,266.13 | | | \$11,096,354.84 |
| 2005 | \$3,693,977.31 | \$11,081,931.93 | | | \$14,775,909.24 |
| 2006 | \$4,678,875.48 | \$14,036,626.43 | | | \$18,715,501.91 |
| 2007 | \$3,886,786.35 | \$12,348,450.08 | | | \$16,235,236.43 |
| 2008 | \$5,438,228.91 | \$16,718,628.86 | | | \$22,156,857.77 |
| 2009 | \$3,003,563.51 | \$9,782,452.59 | | | \$12,786,016.10 |
| Total: | \$25,208,444.48 | \$87,886,673.87 | | | \$113,095,118.35 |

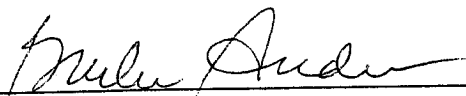
| | | | |
|--|---|---|---|
| CFDA # | 93.778 Dept. of Health & Human Services/Title XIX | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Scott Pierce | Is the Contractor a VENDOR? (per OMB A-133) | X |
| Address: | 310 Great Circle Road Nashville, TN | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Phone: | (615) 507-6415 | Is the Contractor on STARS? | X |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
| Scott Pierce  | | Is the Contractors Form W-9 Filed with Accounts? | X |

| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification |
|------------------------------------|----------------------------------|------------------------|---|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | 06/30/2007 | 12/31/2008 | |
| FY: 2003 | \$17,329,242.06 | | |
| FY: 2004 | \$11,096,354.84 | | |
| FY: 2005 | \$14,775,909.24 | | |
| FY: 2006 | \$18,715,501.91 | | |
| FY: 2007 | \$10,740,139.95 | \$5,495,096.48 | |
| FY: 2008 | | \$22,156,857.77 | |
| FY: 2009 | | \$12,786,016.10 | |
| Total: | \$72,657,148.00 | \$40,437,970.35 | |

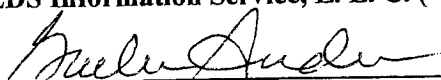


IN WITNESS WHEREOF:

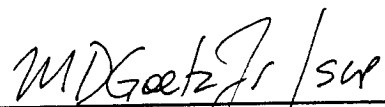
ELECTRONIC DATA SYSTEMS CORPORATION:

 12/14/06
Barbara Anderson Date

EDS Information Service, L. L. C. ("EIS"):

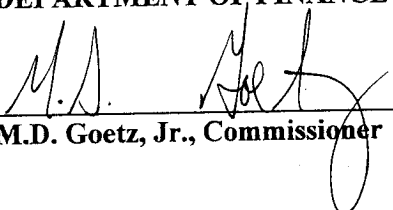
 12/14/06
Barbara Anderson Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

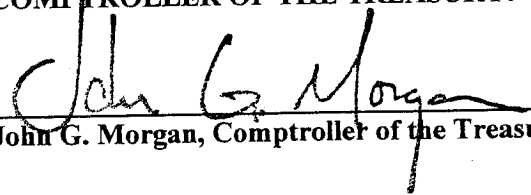
 /sw 12/19/06
M.D. Goetz, Jr., Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

 /ks 12/28/06
M.D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

 12/28/06
John G. Morgan, Comptroller of the Treasury Date

**AMENDMENT NO 6
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU
AND**

Electronic Data Systems Corporation and EDS Information Service, L. L. C. ("EIS")

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the **State** and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the **Contractor** is hereby amended as follows:

1. Amend Section B of Contract by deleting it in its entirety and substituting with the following:

B. CONTRACT TERM:

- B.1 Contract Term. This Contract shall be effective for the period commencing on August 12, 2002, and ending on December 31, 2008. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2 Term Extension. The State reserves the right to extend this Contract for an additional six (6) months, provided that the State notifies the Contractor in writing of its intention to do so at least one hundred eighty (180) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

2. Amend Section C.1.1 of the Contract by deleting it in its entirety and substituting with the following:

In no event shall the maximum liability of the State under this Contract, and any and all amendments thereto exceed One Hundred Thirteen Million Ninety-Five Thousand One Hundred Eighteen Dollars and Thirty-Five Cents (\$113,095,118.35) for professional services pursuant to this Contract (*id.est.*, implementation Phase I, II and III, facilities manager services and maintenance staffing). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Services Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment of the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Amend Section C.3. of the Contract by deleting it in its entirety and substituting with the following:

Payment Methodology- Pass-Through Cost Payments -The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall invoice the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments - The State shall compensate the Contractor based on the Service Rates set forth herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

Hardware and software maintenance payments – The State may request the contractor purchase licenses or maintenance for hardware and software for the TCMIS. The State shall reimburse the Contractor for hardware and software products and maintenance purchased by request of the State based on the actual cost plus an administrative fee in the amount of twenty-one percent (21%) of the actual cost. The Contractor shall petition the State for a reimbursement of maintenance costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract, and any and all amendments thereto. The monthly petition for reimbursement of maintenance costs shall include substantiating documentation.

TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I, Phase II, and Phase III as detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Such invoices shall be submitted for project milestones for the amount stipulated, provided, however, that payment by the State to the Contractor does not indicate approval of such milestones, which may only be evidenced by a signed State approval letter for each deliverable. In the event that the milestone is never approved by the State because the Contractor failed to perform its obligations under this Contract, or

any and all amendments thereto, the State does not waive any rights provided herein.

| PHASE: | MILESTONE PAYMENT |
|---|------------------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (1% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (3% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (4% of the grand total for DDI milestone payments) | \$ 764,007.59 |
| DDI PHASE II: | |
| Design Kick-off Phase (7% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (21% of the grand total for DDI milestone payments) | \$ 4,057,067.41 |
| Construction Phase (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Acceptance Testing (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Implementation (20% of the grand total for DDI milestone payments) | \$ 3,811,272.09 |
| DDI PHASE III | |
| Design Phase 2% | \$ 233,226.67 |
| Construction Phase 1% | \$ 131,458.05 |
| Acceptance Phase 1% | \$ 131,458.05 |
| Implementation Phase 2% | \$ 219,096.58 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I, DDI Phase II and Phase III (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,147,870.87 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The

Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period, detailed below, divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for the functionalities, as described in this Contract as amended by Amendment No. 2 and/or Amendment No. 3, for the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved or such delay is not otherwise excused, then the Contractor shall be liable for the reasonable excess costs incurred by the State to continue current operations as compared to the anticipated costs of operating the Replacement TCMIS.

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|---|--|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—11/30/2003 | \$ 433,333.33 |
| Facilities Manager Services (contract section A.5) 12/1/2003—6/30/2004 | \$ 6,753,297.78 |
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |
| Facilities Manager Services (contract section A.5) 7/1/2007—6/30/2008 | \$ 9,826,047.90 |
| Facilities Manager Services (contract section A.5) 7/1/2008—12/31/2008 | \$ 5,158,675.15 |
| Facilities Manager Services (contract section A.5) 1/1/2009—6/30/2009 (Option Period) | \$ 5,158,675.15 |

Medical Eligibility (ME) Services (as described in Attachment B) compensation shall be based on Payment Amounts detailed below (Medical Eligibility Processing) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service). This payment schedule will end December 31, 2006.

| MEDICAL ELIGIBILITY PROCESSING | MAXIMUM AMOUNT PER PERIOD |
|--|--------------------------------------|
| ME Services 7/1/2004 – 6/30/2005 | \$ 1,415,499.00 |
| ME Services 7/1/2005 – 6/30/2006 | \$ 1,489,362.00 |
| ME Services 7/1/2006 – 12/31/2006 | \$ 787,124.00 |

Beginning January 1, 2007, **Medical Eligibility (ME) Services** compensation shall be based on a unit price detailed below (Medical Eligibility Processing) for units of service authorized by the State and shall include any costs associated with microfilm processing. The microfilm costs shall be a pass-through cost as evidenced by vendor invoices. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the number of units processed multiplied by the per unit charge. Should any material changes to the packet or processing requirements arise due to changes in the Bureau's policy or program, the State and the Contractor, by mutual agreement, will propose an amendment to this Contract.

Each packet has an individual Internal Control Number (ICN) which is an eleven digit number (YJJMBBSSSS), consisting of one digit for the year (Y), three digits for the Julian date of receipt (JJJ), one digit for the media code (M), three digits for the batch number (BBB), and three digits for the sequence number (SSS). An individual enrollee may have multiple packets. A unit is a packet with a unique ICN. The Contractor shall maintain copies of the packets.

| PERIOD OF ME PACKET TRANSACTIONS | FIXED FEE PER TRANSACTION |
|---|--------------------------------------|
| ME Packet Transactions 1/1/2007 – 6/30/2007 | \$ 16.00 |
| ME Packet Transactions 7/1/2007 – 6/30/2008 | \$ 16.00 |
| ME Packet Transactions 7/1//2008 – 12/31/2008 | \$ 16.00 |
| ME Packet Transactions 1/1/2009 – 6/30/2009 (Option Period) | \$ 16.00 |

MCO Address Change Services (as described in Attachment B) compensation shall be based on a unit price detailed below (MCO Address Change Transactions) for units of service authorized by the State. One unit of service is defined as one request to change a recipient address. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the number of units processed multiplied by the per unit charge. Should any material changes to the MCO Address Change processing requirements arise due to changes in the Bureau's policy or program, the State and the Contractor, by mutual agreement, will propose an amendment to this Contract.

The Contractor shall process the MCO Address Change within five (5) business days of receipt.

| PERIOD OF MCO ADDRESS CHANGE TRANSACTIONS | FIXED FEE PER TRANSACTION |
|--|----------------------------------|
| MCO Address Change Transactions 1/1/2007 – 6/30/2007 | \$ 1.34 |
| MCO Address Change Transactions 7/1/2007 – 6/30/2008 | \$ 1.36 |
| MCO Address Change Transactions 7/1/2008 – 12/31/2008 | \$ 1.43 |
| MCO Address Change Transactions 1/1/2009 – 6/30/2009 (Option Period) | \$ 1.43 |

Undeliverable Correspondence Services (as described in Attachment B) compensation shall be based on a unit price detailed below (Undeliverable Transactions) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the number of units processed multiplied by the per unit charge. Should any material changes to the Undeliverable processing requirements arise due to changes in the Bureau's policy or program, the State and the Contractor, by mutual agreement, will propose an amendment to this Contract.

| PERIOD OF UNDELIVERABLE TRANSACTIONS | FIXED FEE PER TRANSACTION |
|---|----------------------------------|
| Undeliverable Transactions 1/1/2007 – 6/30/2007 | \$ 0.63 |
| Undeliverable Transactions 7/1/2007 – 6/30/2008 | \$ 0.65 |
| Undeliverable Transactions 7/1/2008 – 12/31/2008 | \$ 0.68 |
| Undeliverable Transactions 1/1/2009 – 6/30/2009 (Option Period) | \$ 0.68 |

Modifications and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order (Project Change Request) work based on the hourly rates below, subject to the total amount for each change request not to exceed the written estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period requested.

All Systems/Project Change Requests submitted for implementation and approval must include timeframes, FTE hours, and any other needed resources which have been mutually agreed upon by the State and the Contractor. The Contractor is required to have State approval prior to beginning any work on a change request. Should the State or the Contractor determine that any changes in hours, resources or timeframes are needed; an amended change request must be submitted to the State for approval prior to the beginning of any new work, resources or timeframes being utilized.

The State shall continue to monitor the ongoing hourly cost of the System/Project Change Requests and will determine the appropriate number of FTEs needed to convert this function from an hourly to FTEs. Should it become apparent that it would be in the best interest of the State for the Contractor to add full-time staff for this function, the State and the Contractor, by mutual agreement, will negotiate an Amendment to this Contract.

Travel: The Contractor shall not be compensated for travel time to the primary location of service provision. However, the State agrees to reimburse the Project Manager for travel expenses relating to special projects as defined by the State and necessary to implement changes to the TennCare program regarding enrollment, eligibility, benefits or any other changes required by federal or state law, regulation or policy or by federal or state court order and as approved by the State. Compensation for travel expenses shall be in accordance with C.4 of this Contract, and any and all amendments thereto.

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE | | | | | | |
|--|----------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|-------------------------|
| | Start – 6/30/2003 | 7/1/2003 – 6/30/2004 | 7/1/2004 – 6/30/2005 | 7/1/2005 – 6/30/2006 | 7/1/2006 – 12/31/2006 | 1/1/2007 – 6/30/2007 | 7/1/2007 – 6/30/2008 |
| Senior Systems Analyst (10+ years) | \$87.28 | \$89.37 | \$91.52 | \$93.72 | \$95.97 | NA | NA |
| Systems Analyst (1-9 years) | \$84.63 | \$86.66 | \$88.74 | \$90.87 | \$93.05 | NA | NA |
| Programmer Analyst III (5+ years) | \$69.75 | \$71.42 | \$73.14 | \$74.89 | \$76.69 | NA | NA |
| Programmer Analyst II (2-4 years) | \$65.00 | \$66.56 | \$68.16 | \$69.79 | \$71.47 | NA | NA |
| Programmer Analyst I (0-1 years) | \$57.50 | \$58.88 | \$60.29 | \$61.74 | \$63.22 | NA | NA |
| Documentation Specialist | \$43.66 | \$44.71 | \$45.78 | \$46.88 | \$48.00 | NA | NA |
| Project Manager | NA | NA | \$144.84 | \$150.81 | \$158.15 | NA | NA |
| General Support Clerk | NA | NA | \$33.63 | \$34.43 | \$35.26 | NA | NA |

Systems Increased Staff compensation shall be based on the Payment Amounts detailed below (Systems Increased Staff Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed in the Systems Increased Staff below, multiplied by the percentage of the total contract period hours provided during the month as detailed in Section B.8.2 of the Contract.

| PERIOD OF SYSTEMS INCREASED STAFF COSTS | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| Systems Team Support 1/1/2007 – 6/30/2007 | \$ 3,374,800 |
| Systems Team Support 7/1/2007 – 6/30/2008 | \$ 6,506,800 |
| Systems Team Support 7/1/2008 – 12/31/2008 | \$ 3,416,400 |
| Systems Team Support 1/1/2009 – 6/30/2009 – Open Period | \$ 3,416,400 |

The State shall require retention of payment in the amount equal to fifteen percent (15%) of each monthly System Increased Staff invoice. This retention of payment shall be held until the satisfaction of quarterly deliverable objective(s), with new funds accruing for each set of quarterly deliverable(s). Each quarter will accrue a separate set of funds to be associated with a separate set of objective(s). Within forty-five (45) days in advance of each fiscal quarter, the State and the Contractor shall meet and mutually agree upon the primary deliverable(s), and the incentives for the next quarter, or any future quarter, to receive release on that quarter's retained payment. These primary deliverable(s) and objective(s) will be reviewed for completion based upon the attained delivery date. The primary deliverable(s) shall be tied to work being performed on projects prioritized by the State, and when set, reviewed as achievable based on existing and future project workload. Once set, these metrics and primary deliverable(s) shall be documented by control letter and cannot be changed without mutual agreement.

In addition, the State and the Contractor shall meet monthly to review the status towards fulfillment of the primary objective(s) and to mutually agree upon secondary deliverable(s) to be delivered within the quarter. No secondary deliverable(s) shall be assigned beyond day sixty (60) of the current quarter. When being set, consideration shall be given to the current work effort associated with the primary deliverable(s) and other assigned priority systems work. These secondary deliverable(s) objective(s) shall be reviewed for completion based upon the attained delivery date.

The fifteen percent (15%) retained funds shall be allocated amongst the deliverables at the joint meetings. Of the retained amount, a minimum of eighty

percent (80%) shall be allocated to the primary deliverable(s) identified in the quarterly meeting. The remaining twenty percent (20%) shall be held and allocated through the meetings regarding secondary deliverables. If no secondary deliverables are identified, the twenty percent (20%) of the retained funds will be released and not reallocated to the primary deliverables. The retained funds, and any incentive funds, will be released upon submission of the deliverables, marked as priority, secondary, during the quarterly or monthly meeting. Retained funds shall not be held due to any failure or delay that is related directly or indirectly to any State (including its agents and contractors) action or omission or State (including its agents and contractors) failure to meet its responsibilities, or any change in previously agreed upon deliverables.

Should there be no mutually agreed upon primary deliverable(s) for the fiscal quarter, then one half (1/2) of the quarterly withheld shall be satisfied through the secondary deliverable(s). The remaining one half (1/2) will be held until both parties work in good faith to come to agreement on objectives, deliverables and scope.

If the Contractor fails to meet the previously mutually agreed upon deliverables, the State may retain a portion of the withheld funds based upon the following schedule:

| Calendar Days Late in Completing an Objective | % Forfeited |
|---|-------------|
| 4 – 10 days | 10% |
| 11 – 20 days | 20% |
| 21 – 30 days | 30% |
| 31 – 45 days | 40% |
| 46 – 60 days | 75% |
| 61 + days | 100% |

The State may choose to release forfeited funds for the completion of prior quarter deliverables or the completion of current quarter deliverables.

National Provider Identifier (NPI) System Enhancements compensation shall be based on the Payment Amounts detailed below (NPI System Enhancement Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to by the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| PERIOD OF NPI SYSTEM ENHANCEMENT | MAXIMUM AMOUNT PER PERIOD |
|--|---------------------------|
| NPI Systems Enhancement 1/1/2007 – 6/30/2007 | \$ 2,500,000 |
| NPI Systems Enhancement 7/1/2007 – 12/31/2007 | \$ 2,500,000 |

The State shall require retention of payment in the amount equal to fifteen percent (15%) of each monthly NPI invoice. This retention of payment shall be held until the satisfaction of quarterly deliverable objective(s), with new funds accruing for each set of quarterly deliverable(s). Each quarter shall accrue a separate set of funds to be associated with a separate set of objective(s). Within forty-five (45) days of the beginning of each fiscal quarter, the State and the Contractor shall meet and mutually agree upon the deliverable(s) and the incentives for the next quarter, or any future quarter, to receive release on that quarter's retained payment. These deliverable(s) objective(s) shall be reviewed for completion based upon the attained delivery date. The deliverable(s) will be tied to work being performed on projects prioritized by the State, and when set, reviewed as achievable based on existing and future project workload. Once set, these metrics and deliverable(s) can not be changed without mutual agreement.

The fifteen percent (15%) retained funds shall be allocated amongst the deliverables at the joint meetings. Should there be no mutually agreed upon primary deliverable(s) for the fiscal quarter, the retained funds shall be released. The retained, and any incentive, funds, shall be released upon submission of the deliverable(s). Retained funds shall not be held due to any failure or delay that is related directly or indirectly to any State (including its agents or other contractors) action or omission or State (including its agents or other contractors) failure to meet its responsibilities, or any change in previously agreed-upon deliverables.

If the Contractor fails to meet the previously mutually agreed-upon deliverables, the State may retain a portion of the withheld funds based upon the following schedule:

| Calendar Days Late in Completing an Objective | % Forfeited |
|---|-------------|
| 4 – 10 days | 10% |
| 11 – 20 days | 20% |
| 21 – 30 days | 30% |
| 31 – 45 days | 40% |
| 46 – 60 days | 75% |
| 61 + days | 100% |

The State may choose to release forfeited funds for the completion of prior quarter deliverables or the completion of current quarter deliverables.

Production Servers Support (as described in Attachment B) compensation shall be based on the Payment Amounts detailed below (Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5 of the Contract, the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, and any and all amendments thereto. The Contractor shall be given at least thirty (30) days prior written notice and the date of the said assumption and the State shall be responsible for the Contractors reasonable costs in discontinuing and transferring those functions to the State.

| PERIOD OF PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| Production Server Support 7/1/2004 - 6/30/2005 | \$ 219,255 |
| Production Server Support 7/1/2005 - 6/30/2006 | \$ 232,316 |
| Production Server Support 7/1/2006 - 6/30/2007 | \$ 246,161 |
| Production Server Support 7/1/2007 - 6/30/2008 | \$ 218,537 |
| Production Server Support 7/1/2008 – 12/31/2008 | \$114, 732 |
| Production Server Support 1/1/2009 – 6/30/2009 (Option Period) | \$114,732 |

Non Production Servers Support (as described in Attachment B) compensation shall be based on the Payment Amounts detailed below (Non Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| PERIOD OF NON PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| Non Production Server Support 7/1/2004- 6/30/2005 | \$ 387,647 |
| Non Production Server Support 7/1/2005—6/30/2006 | \$ 410,755 |
| Non Production Server Support 7/1/2006—6/30/2007 | \$ 435,250 |
| Non Production Server Support 7/1/2007—6/30/2008 | \$ 450,135 |
| Non Production Server Support 7/1/2008—12/31/2008 | \$ 236,321 |
| Non Production Server Support 1/1/2009—6/30/2009 (Option Period) | \$ 236,321 |

Suspense Processing Services (as described in Attachment B) compensation shall be based on Payment Amounts detailed below (Suspense Processing Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with all necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| PERIOD OF SUSPENSE TRANSACTIONS | MAXIMUM AMOUNT PER PERIOD |
|--|--|
| Suspense Transactions 1/1/2007 – 6/30/2007 | \$ 177,600 |
| Suspense Transactions 7/1/2007 – 6/30/2008 | \$ 400,800 |
| Suspense Transactions 7/1/2008 – 12/31/2008 | \$ 184,800 |
| Suspense Transactions 1/1/2009 – 6/30/2009 – (Option Period) | \$ 184,800 |

Customer Service Support (as described in Attachment B) compensation shall be based on the Payment Amounts detailed below (Customer Service Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| PERIOD OF CUSTOMER SERVICE SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|--|
| Customer Service Support 1/1/2007 – 6/30/2007 | \$ 166,200 |
| Customer Service Support 7/1/2007—6/30/2008 | \$ 349,200 |
| Customer Service Support 7/1/2008—12/30/2008 | \$ 183,330 |
| Customer Service Support 1/1/2009 – 6/30/2009 (Option Period) | \$ 183,330 |

Third Party Liability Processing (as described in Attachment B) compensation shall be based on the Payment Amounts detailed below (Third Party Liability Processing Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the

accuracy of the invoice, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| PERIOD OF TPL PROCESSING SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| TPL Processing Support 1/1/2007—6/30/2007 | \$ 404,000 |
| TPL Processing Support 7/1/2007—6/30/2008 | \$ 848,000 |
| TPL Processing Support 7/1/2008 – 12/31/2008 | \$ 445, 416 |
| TPL Processing Support 1/1/2009—6/30/2009 (Option Period) | \$ 445, 416 |

Special Projects Staffing (as described in Attachment B) compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Project work based on the hourly rates below. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

Travel: The Contractor shall not be compensated for travel time to the primary location of service provision. However, the State agrees to reimburse the Contractor for travel expenses relating to Special Projects as defined by the State and necessary to implement changes to the TennCare program regarding enrollment, eligibility, benefits or any other changes required by federal or state law, regulation or policy of by federal or state court order. Compensation for travel expenses shall be in accordance with C.4 of the Contract, and any and all amendments thereto. The State shall compensate the Contractor for Project travel based on the current state travel guidelines. The Contractor shall submit monthly invoices, in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the date of the expense, the nature of the expense and the total amount due the Contractor for the period invoiced.

| Category | LABOR JOB CODE | HOURLY RATE | | | | |
|--------------------------------------|----------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|
| | | 7/1/2006- 12/31/2006 | 1/1/2007- 6/30/2007 | 7/1/2007- 6/30/2008 | 7/1/2008- 12/31/2008 | 1/1/2009- 6/30/2009 |
| Information Specialist | 34210 | NA | \$104.89 | \$108.03 | \$111.27 | \$111.27 |
| Information Analyst | 34200 | NA | \$87.56 | \$90.19 | \$92.90 | \$92.90 |
| Information Associate | 34330 | NA | \$74.19 | \$76.42 | \$78.71 | \$78.71 |
| Business Services Analyst - Senior | 34580 | NA | \$104.89 | \$108.03 | \$111.27 | \$111.27 |
| Business Services Analyst - Advanced | 34570 | NA | \$87.56 | \$90.19 | \$92.90 | \$92.90 |
| Business Services Analyst | 34560 | NA | \$74.19 | \$76.42 | \$78.71 | \$78.71 |
| Technical Delivery Team Manager | 122210 | NA | \$116.70 | \$120.20 | \$123.81 | \$123.81 |
| Project Manager | 12620 | NA | \$155.33 | \$159.99 | \$164.79 | \$164.79 |
| Project Analyst - Senior | 34830 | NA | \$130.09 | \$133.99 | \$138.01 | \$138.01 |
| Project Analyst - Advanced | 34820 | NA | \$115.13 | \$118.59 | \$122.15 | \$122.15 |
| Project Analyst | 34810 | NA | \$90.41 | \$93.13 | \$95.92 | \$95.92 |
| Data Base Administrator | 31620 | NA | \$104.89 | \$108.03 | \$111.27 | \$111.27 |
| Data Base Associate | 50860 | NA | \$60.86 | \$62.69 | \$64.57 | \$64.57 |
| Infrastructure Specialist Senior | 34280 | NA | \$126.17 | \$129.96 | \$133.86 | \$133.86 |
| Systems Administrator - Advanced | 34070 | NA | \$108.99 | \$112.26 | \$115.63 | \$115.63 |
| Systems Administrator | 34060 | NA | \$75.35 | \$77.61 | \$79.94 | \$79.94 |
| Systems Administrator - Associate | 50810 | NA | \$60.86 | \$62.69 | \$64.58 | \$64.58 |
| Computer Operator | 50020 | NA | \$48.52 | \$49.97 | \$51.47 | \$51.47 |
| QA Specialist - Advanced | 33200 | NA | \$99.64 | \$102.63 | \$105.71 | \$105.71 |
| QA Specialist | 33120 | NA | \$81.11 | \$83.54 | \$86.05 | \$86.05 |
| Technical Writer | 30630 | NA | \$62.53 | \$64.40 | \$66.33 | \$66.33 |
| Specialized Support Clerk | 70990 | NA | \$48.52 | \$49.97 | \$51.47 | \$51.47 |
| General Support Clerk | 70970 | NA | \$35.26 | \$36.32 | \$37.41 | \$37.41 |

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. Each threshold will be treated independently with no compensation or deduction for volumes that fall below the threshold. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance agreed to with the State with reasonable supporting documentation necessary to verify the accuracy of the invoice, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | | | | | Option Period |
|--------------------------|---------------------------|------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|
| | Start- 6/30/2003 | 7/1/2003- 6/30/2004 | 7/1/2004- 6/30/2005 | 7/1/2005- 6/30/2006 | 7/1/2006- 12/31/2006 | 1/1/2007- 6/30/2007 | 7/1/2007- 6/30/2008 | 7/1/2008- 12/31/2008 | 1/1/2009- 6/30/2009 |
| Claim Transactions | \$0.61 | \$0.65 | \$0.68 | \$0.72 | \$0.76 | \$0.79 | \$0.79 | \$0.83 | \$0.83 |
| Encounter Transactions | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Letters | \$0.22 | \$0.23 | \$0.24 | \$0.25 | \$0.26 | \$0.27 | \$0.27 | \$0.28 | \$0.28 |
| Daniels Letters | \$0.12 | \$0.13 | \$0.13 | \$0.14 | \$0.14 | \$0.15 | \$0.15 | \$0.16 | \$0.16 |
| Premium Statements/Bills | \$0.15 | \$0.16 | \$0.17 | \$0.17 | \$0.18 | \$0.19 | \$0.19 | \$0.20 | \$0.20 |
| Suspense Transactions | NA | NA | NA | NA | NA | \$0.84 | \$0.95 | \$0.88 | \$0.88 |
| Ballots | \$0.07 | \$0.07 | \$0.07 | \$0.08 | \$0.08 | \$0.09 | \$0.09 | \$0.09 | \$0.09 |

4. Amend Section E.2 of the Contract by deleting and substituting the Parties' contact information as follows:

The State:

Commissioner, Bureau of TennCare
Department of Finance and Administration
Brent Antony
Chief Information Officer
310 Great Circle Road
Nashville, TN 37229
Telephone Number (615) 507-6339
Facsimile Number (615) 253-5995

The Contractor

Electronic Data Systems Corporation
David Mills
Client Delivery Executive
310 Great Circle Road
Nashville, TN 37229
Telephone Number (615) 507-6125
Facsimile Number (615) 741-0125

5. Add Section E.36 to Section E of the Contract to read as follows:

E.36 Verification of Information

The Parties acknowledge that the Contractor has not had the opportunity to independently verify the information provided by the State with respect to the project. As a result, during the period of time beginning on the Effective Date and ending ninety (90) days thereafter, the Contractor and the State shall cooperate with each other, and the State shall provide to the Contractor such documents, reports and other information as reasonably necessary or desirable in order for the Parties to verify the accuracy of the information provided to the Contractor and such other matters as the Contractor and the State mutually agree. If, as a result of such due diligence, the Contractor determines that any of the information furnished by the State to the Contractor in connection with this Contract, or any and all amendments thereto, is inaccurate or incomplete in any material respect and it affects the services, costs, or timelines, the Contractor shall give the State written notice thereof, and the Contractor and the State shall review and utilize the current change process to remediate any required changes.

6. Amend Section B.7.2.k.4 of Attachment B by deleting it in its entirety and substituting with the following:

4. Perform the majority of the Replacement TCMIS operations activities and a balanced mixture of the systems maintenance/modifications on-site at the Bureau of TennCare's Nashville facility during the operational period.

7. Amend Section B.7.2.s of Attachment B by deleting it in its entirety and substituting with the following:

Medical Eligibility Processing

1. Inbound ME packet operational processing – Activities are limited to opening, sorting, batching, microfilming, data entry, filing, storing and retrieving packets.
 - a. Retrieve ME Packets from the post office twice daily
 - b. Sort ME Packets from any other mail
 - c. Open the packets with an opening machine
 - d. Deliver packets to the specialize ME processing clerks
 - e. Remove packets from the envelopes
 - f. Prepare batches for microfilming including creation of batch sheets and validating packet completeness
 - g. Microfilm packets
 - h. Research packets and enter the data into the system
 - i. Forward incomplete packets to Bureau
 - j. Prepare packets and deliver to the Bureau
 - k. Key disposition of packets return from the Bureau into the system
 - l. Track undeliverable ME packets and mail again if a new address is available. If no other address is available to resend the packet, it is then to be forwarded to DHS
2. Internal ME packet operational processing – Activities include researching, copying, filing, and other activities as directed by the State.
 - a. File packets according to operational procedures which include segmenting by type, date received, completeness, and other specific criteria as defined by the State
 - b. Respond to requests from the State for copies of specific packets
 - c. Perform research into the status of packets as directed by the State which may include utilizing the system, searching physical files, and searching microfilm
3. ME Packet Processing Performance Standard

The Contractor shall complete processing of all Medical Eligibility (ME) Packets within a maximum of three (3) business days of receipt. The amount of time a packet awaits action by the State is to be excluded from the three (3) business day turn-around requirement.

Upon notice of a deficiency by the State, the Contractor shall propose a Corrective Action Plan (CAP) to remedy said deficiency. If the Contractor fails to complete the mutually agreed upon CAP, liquidated damages may be assessed at a rate of 25% of the current price per ME Packet for each receipt that remains incomplete on the 4th business day up to a maximum of five hundred dollars (\$500) per month.

8. Amend Section B.7.2.t of Attachment B by deleting it in its entirety and substituting with the following:

Production Server Support

1. The Contractor will provide two (2) FTE's to support the Production Windows Dell servers located outside of the OIR data center. This includes the RRI servers located at 310 Great Circle Drive, and the Nice server at the Tennessee Prison for Women. In addition, this includes support for the Kodak Scanstations at 310 Great Circle Road, except for the PC hardware and PC OS.
2. The Contractor shall not be responsible for any hardware, software, support tools, or hardware maintenance agreement costs for any of the servers.
3. The Contractor shall be responsible for the following specific activities:
 - a. Hardware operations and system administration of RRI, Nice, Siebel T-Servers, AEM and AVRS intervoice servers, including maintaining the operating systems, hardware and software patch levels.
 - b. Manage backup of the production servers at 310 Great Circle Road included in the IM implementation footprint servers and coordinate offsite storage.
 - c. Manage restore of data from backup when necessary.
 - d. Management of data storage at 310 Great Circle Road.
 - e. Respond to NOSC alarms/alerts for all identified servers.
 - f. Support in the form of man-time for Hot Site Disaster Recovery testing for operating environment - HW/SW.
 - g. Support in the form of man time for Scanners and Interfaces hardware to scan stations.
 - h. Management of the connectivity to integrate the activities of the servers where required for operations.

9. Amend Section B.7.2.u of Attachment B by deleting it in its entirety and substituting with the following:

Non-Production Server Support:

1. The Contractor shall provide three point two (3.2) FTE's to support the Non-Production TCMIS environments for Development, Training and Test/UAT servers located outside of the OIR data center. This includes all the Sun and Dell servers located at 310 Great Circle Road.
2. The Contractor shall not be responsible for any hardware, software, utilities, support tools, or hardware maintenance agreement costs for any of the servers.
3. The Contractor shall be responsible for the following specific activities:
 - a. First line support for all hardware operations and system administration of the non-production Sun and Dell servers, including maintaining the operating systems, hardware, software patch levels, and antivirus protection levels. This includes support for related network switches as listed in Attachment L.
 - b. Manage backup of the non-production servers at 310 Great Circle Road and coordinate offsite storage.
 - c. Manage restore of data from backup when necessary.
 - d. Management of data storage at 310 Great Circle Road.
 - e. Respond to NOSC alarms/alerts for all identified servers.
 - f. Support Hot Site Disaster Recovery testing for operating environment - HW/SW.
 - g. Management of the connectivity to integrate the activities of the servers where required for operations.
 - h. Provide support for the infrastructure database of all TCMIS assets and support contact information for the OIR Help Desk and Data Center.
4. Nonproduction and Production Servers are listed in Attachment L. Movement of any of the Servers to a different location will not affect the terms of this Section of the Contract, or any and all amendments thereto. The Contractor shall prepare the supported Servers for moving to any new TennCare building location and reinstalling the Servers in the new location. The State and the Contractor shall negotiate the terms of the Server support should there be a significant increase or reduction in the number of Servers supported.

10. Add Section B.7.2.v to Attachment B to read as follows:

Suspense Processing Support:

1. The Contractor shall provide One (1) full-time Claims Manager to support processing of all proposed suspense processing.

2. The Contractor shall provide five (5) full-time Specialized support Clerks to perform the suspense resolution activities. Suspense resolution activities include accessing the pending claims file, selecting the pending claim to be resolved, reviewing all claim images associated with the pending claim to check for keying errors and following the approved procedures for resolving the edits set on the claim record until the claim is in an adjudicated status. This staff shall support the resolution of 8,100 claims per week. In the event that policy changes or other external factors cause an increase in the weekly suspense volumes, the excess volume shall be invoiced by the Contractor by the quarterly Excess Operations Transactions under the Transaction Type of Suspense Transactions.
3. The Contractor shall be responsible for the following specific start up activities during the initial implementation period (the three (3) months following the execution of Amendment Six):
 - a. Develop a comprehensive Claims Adjudication Manual for approval by the State.
 - b. Establish appropriate State review, approval and sign-off procedures for the Claims Adjudication Manual to ensure procedures meet the intent of Bureau of TennCare policy.
 - c. Establish preliminary production standards which will be adjusted as experience is gained and standards are validated.
 - d. Identify and hire staff based on ongoing suspense level projections of 8,100 suspended claims per week.
 - e. Develop training for the staff to include plans for cross-training resolution staff in all edits and audits.
 - f. Establish facility and infrastructure requirements to accommodate a centralized organization for resolution of claims.
 - g. Develop reporting of claims processing metrics for monthly status reporting to the Bureau Business Owner.
4. The Contractor shall be responsible for the following specific ongoing activities during the operations period (October 2006 through end of extension year):
 - a. Serve as liaison in managing claims adjudication with the Bureau's Business Unit responsible for claims processing, the Contractor's project manager and system team leader responsible for claims processing.
 - b. Participate in change management activities to ensure procedures and processes are updated when system or policy changes are implemented.
 - c. Provide regular reporting of status to Bureau Business User.

- d. Schedule work for suspense resolution staff for production of 8,100 claims are resolved to completion each week.
5. Suspense Processing Performance Standards:

The Contractor shall complete processing of all Suspense receipts received after the execution of Amendment Six, according to the standards set by CMS. Ninety Percent (90%) of all clean claims will be processed to a disposition outside the Contractor's responsibility within thirty (30) days of receipt. Ninety Nine Percent (99%) of all clean claims will be processed to a disposition outside the Contractor's responsibility within ninety (90) days of receipt. One Hundred Percent (100%) of all clean claims will be processed to a disposition outside the Contractor's responsibility within 365 days of receipt.

Any backlog of suspended claims, on the date Amendment Six is executed, shall be completed within ninety (90) days of Contractor receiving the State's approval of the adjudication guidelines for each edit.

Upon notice of a deficiency by the State, the Contractor shall propose a Corrective Action Plan (CAP) to remedy said deficiency. If the Contractor fails to complete the mutually agreed upon CAP, liquidated damages may be assessed at a rate of 25% of the current price per suspense transaction for each receipt that remains unprocessed below the threshold up to a maximum of five hundred dollars (\$500) per month.

11. Add Section B.7.2.w to Attachment B to read as follows:

Special Project Support:

There will be new projects that do not fall within normal change requests categories. These are typically large projects such as the recent Reform initiative where the level of effort is significant and the duration is extended. These projects will not go through the normal change process and will be staffed and managed through dedicated resources, using the billable rates defined in the Contract, and any and all amendments thereto.

1. The Change Control Board (CCB) will be the avenue to designate a project as a Special Project. Once a project is designated as special, the Contractor will work with the State to perform an estimate and procure the additional funding approval.
2. The criteria for a Special Project are as follows:
 - a. The requirements of the project are such that they cannot be performed using the existing staff or skill sets.
 - b. The duration of the project is extended. The State concludes that if the expected duration of this project is to extend beyond six (6) months, this be categorized as a Special Project.

- c. The number of resources is expected to be considerable. The State concludes that if the expected staffing for a change is more than five (5) dedicated resources, then the project be considered a Special Project.
- d. The project is of such complexity that a dedicated Project Manager is required.

12. Add Section B.7.2.x to Attachment B to read as follows:

MCO Address Change Processing – The Contractor shall be required to complete the following steps:

1. Obtain and file reports that are generated from the 834 file.
2. Stamp the report with date of receipt and logged it into MCO tracking report.
3. Research the address to determine if the change meets the required criteria for manual update.
4. Update all addresses that meet the change criteria into interChange.
5. Perform quality control review on updates to insure accuracy.
6. Forward a copy of all addresses that meet the forwarding criteria to the appropriate facility.

MCO Address Change Processing Performance Standard:

The Contractor shall complete processing of all MCO Address Changes within a maximum of three (3) business days of receipt. The amount of time an address change awaits State action is to be excluded from the three (3) business day turn-around requirement.

Upon notice of a deficiency by the State, the Contractor shall propose a Corrective Action Plan (CAP) to remedy said deficiency. If the Contractor fails to complete the mutually agreed upon CAP, liquidated damages may be assessed at a rate of 25% of the current price per MCO Address Change for each receipt that remains incomplete on the 4th business day up to a maximum of five hundred dollars (\$500) per month.

13. Add Section B.7.2.y to Attachment B to read as follows:

Undeliverable Correspondence Processing – The Contractor shall be required to complete the following steps:

1. Retrieve Undeliverables from the post office.
2. Sort Undeliverables by response type.
3. Prepare and copy Undeliverables (front of the envelope only).

4. Batch and Scan the copies of the Undeliverables.
5. Index Undeliverables.
6. Forward Undeliverables with a forwarding address to the appropriate department for further processing.
7. Open and evaluate the contents of the correspondence.
 - a. Update address in interChange when applicable.
 - b. Remail to the new address.
 - c. Forward Undeliverables that meet the forwarding criteria to the Bureau.
8. Perform quality control on addresses updated in interChange to insure accuracy
9. Update tracking inventory and generate weekly status reporting
10. File and Store Undeliverables

Undeliverable Processing Performance Standard:

The Contractor shall complete processing of all Undeliverable correspondence within a maximum of ten (10) business days of receipt. The amount of time an Undeliverable awaits State action is to be excluded from the ten (10) business day turn-around requirement.

Upon notice of a deficiency by the State, the Contractor shall respond or propose a Corrective Action Plan (CAP) to remedy said deficiency. If the Contractor fails to complete the mutually agreed upon CAP, liquidated damages may be assessed at a rate of 25% of the current price per Undeliverable for each receipt that remains incomplete on the 11th business day up to a maximum of five hundred dollars (\$500) per month.

14. Add Section B.7.2.z to Attachment B to read as follows:

Customer Service Processing – The Contractor shall be required to complete the following steps:

1. Within the customer service/provider relations department, the Contractor would employ one (1) Customer Service/Provider Relations Team Leader, one (1) Adjudication and Training Coordinator and three (3) full time customer service representatives. This staffing level assumes that each Level 2 representative is able to respond to eight to ten calls per day with, at a minimum, a call back to provide a status of the issue. This status may be that the problem is fixed, the resolution has been identified and will be completed within a certain timeframe, or the Contractor is awaiting direction from the State on which action is

necessary. This staffing level shall be evaluated by the Contractor and the State on a quarterly basis to ensure there is adequate staff to meet the call volumes.

2. The Contractor shall be responsible for the following specific start up activities during the initial implementation (the three (3) months following the execution of Amendment Six):

- a. Develop procedures for escalation of issues.
- b. Establish appropriate State review, approval and sign-off of escalation procedures.
- c. Establish preliminary production standards for response which will be adjusted as experience is gained and standards are validated.
- d. Identify and hire staff based on ongoing call level projections – one (1) customer service representation for every forty (40) calls per week.
- e. Develop training for the staff to include escalation points for each level.
- e. Establish facility and infrastructure requirements to accommodate a customer service/provider relations unit.
- f. Develop reporting of call escalation and resolution metrics for monthly status reporting to the Bureau Business Owner.
- g. Assist the State with development of a provider manual.
- h. Develop training materials for providers for submission of crossover claims.

3. The Contractor will be responsible for the following specific ongoing activities during the operations period (October 2006 through end of extension year):

- a. Ensure calls are responded to and resolved within timeframes established between the Contractor and the State.
- b. Serve as a liaison between the State, the Contractor, TPW and the provider, and facilitate weekly business user meetings to include the State, TPW and the Contractor.
- c. Identify and communicate systemic problems to the Contractor's management and the State and assist with resolution.
- d. Participate in change management activities to ensure procedures and processes are updated when system or policy changes are implemented.
- e. Provide regular reporting of status to Bureau Business User organization.

4. Customer Service Processing Performance Standard

The Contractor shall respond to Level 2 requests for support within the stated guideline on at least ninety-nine percent (99%) of the requests. Response is defined as a contact with the user via, in person visit, telephone conversation, voicemail message, or email. Response times are:

| Level | Response Time in business hours |
|-------|---------------------------------|
| 2 | 24 hours |
| 3 | 4 hours |

Upon notice of a deficiency by the State, the Contractor shall propose a Corrective Action Plan (CAP) to remedy said deficiency. If the Contractor fails to complete the mutually agreed upon CAP, liquidated damages may be assessed at a rate of ten dollars (\$10.00) per request for each request not responded to within the 99% % threshold within the Level 1 and Level 2 categories up to a maximum of five hundred dollars (\$500) per month.

15. Add Section B.7.2.aa to Attachment B to read as follows:

Third Party Liability Processing – The Contractor shall be required to complete the following steps:

1. The Contractor shall provide additional staffing for the TPL functions not currently included in the facilities management scope. The Contractor shall employ one (1) full-time TPL Team Leader, two (2) FTEs to receive the questionnaires in the mail, scan them and index the image to a recipient, six point five (6.5) FTEs to perform the manual updates of the returned questionnaires, and two (2) FTEs to perform the contacts with insurance companies.
2. The Contractor shall be responsible for the following specific operational activities related to the processing of Third Party Liability processing:
 - a. Complete testing on all existing TPL components.
 - b. Develop a Cash Control File to allow posting of receipts to reflect reduction as positing occurs.
 - c. Develop a Billing File to allow upload from the TPL contractor and the Contractor's bills.
 - d. Develop a process to post receipts from the cash control file to the billing file and have the billing file update claims history file.
 - e. Re-design the case tracking file to allow on-screen production of claims paid and the amount paid.
 - f. Turn on Case Tracking for Estate/Casualty Case development.
 - g. Produce questionnaires on Estate and Casualty cases when recovery is not reflected.
 - h. Turn on claims production in the Contractor's system to allow billing of UBs and HIC claims to insurance carriers.
 - i. Complete development of the 270/271 Data Exchange and put in place trading partner agreements with all carriers in Tennessee.

- j. Put in place staff to post recoveries from the TPL contractor and all other sources so that receipts are reflected as adjustment to claims.
 - k. Develop the AR system to allow TPL accounts receivable and reflect reduction to accounts on-line as recoupments occur.
 - l. The Contractor personnel shall post checks received as provider refunds for overpayments, as well as Long Term Care insurance payments. Estimated volume of checks received is thirty (30) per day.
 - m. As a part of the systems enhancements, questionnaires will be generated for suspect TPL resource information. These questionnaires will be printed at OIR and mailed out by the Contractor's mail vendor. The Contractor's personnel shall receive the updated questionnaires, scan the forms and index them for future reference. The data on the questionnaires shall be manually uploaded into the system by the Contractor staff. The estimated volume initially approximately 10,000 questionnaires received per week.
3. The Contractor shall be responsible for implementing System Enhancements. The Contractor shall, at the direction of the State, perform a complete development lifecycle on the entire TPL subsystem. As such, a dedicated Project Manager and dedicated project personnel will be assigned. Additionally, the following steps shall be performed:
- a. A complete review of the functionality that already exists in the interChange system.
 - b. A review of this functionality with the TPL unit to review the capabilities and perform a gathering of any additional requirements.
 - c. A thorough design of any changes to the system.
 - d. A complete review of the final tested product for acceptance by the TPL unit.

16. Amend Section B.7.3 of Attachment B by deleting it in its entirety and substituting with the following:

Facilities Manager Staffing Requirements

The Contractor shall be required to provide and maintain a staff sufficient to complete all task functions required for the operation of Replacement TCMIS throughout the life of this Contract, and any and all amendments thereto. All personnel shall be the employees of the Contractor and shall be fully qualified to perform the work required in the RFP, the Contract, and any and all amendments thereto.

The State shall have the absolute right to approve or disapprove the Contractor's and any subcontractor's key staff, or to require the removal or reassignment of any key Contractor employee or subcontractor personnel found unacceptable to the State.

The Contractor shall notify the State, in writing, of any change in key personnel at least thirty (30) days prior to the change. The Contractor shall upon request, provide the State with a resume of any member of its staff or subcontractor's staff assigned to any aspect of the performance of this Contract, and any and all Amendments thereto.

In addition, the State reserves the right to reasonably require the removal and/or replacement of any of the Contractor's staff, any subcontractor, or subcontractor's staff. The Contractor shall provide resumes for key personnel as reasonably requested by the State. Key personnel are defined as:

- a. Project Manager.
- b. Operations Processing Manager.
- c. Computer Operations Manager.
- d. TCMIS Systems Manager.
- e. Database Administrator.

17. Amend Section B.7.3.1 (f) of Attachment B by deleting it in its entirety and substituting with the following:

f. Medical Eligibility Processing

For Period of July 1, 2004 through December 31, 2006

The Contractor shall provide thirteen point eight (13.8) FTE positions as listed below by role and quantities of personnel to support Medical Eligibility Processing. The staff provided shall be in accordance with the Medical Eligibility Processing Proposal submitted to the State. The staffing levels provided are full-time equivalent (FTE), which equates to one hundred and seventy-three (173) hours per month, to include Holidays, Vacation and Sick leave, other leaves of absence, and other administrative/business activities.

| | |
|----------------------|--|
| Role or Title | Data Entry/Clerical Support – 11 FTE |
| Role or Title | Systems Support – Systems Engineer – 0.5 FTE |
| Role or Title | Systems Support – Business Analyst – 2 FTE |
| Role or Title | Production Control – Data Control Specialist – 0.3 FTE |

For the Period of July 1, 2007 through December 31, 2008 with the January 1, 2009 through June 30, 2009 Open Period

The Contractor shall provide sufficient personnel to support Medical Eligibility Processing. Staff provided shall be in accordance with the volume of Medical Eligibility receipts.

18. **Amend Section B.7.3.2 of Attachment B by deleting it in its entirety and substituting with the following:**

Maintenance and User Support Staff

The Maintenance and User Support Staff should include, but not be limited to, the following job codes as defined by the Contractor.

| | |
|--------------------------------------|-------|
| Information Specialist - Senior | 34220 |
| Information Specialist | 34210 |
| Information Analyst | 34200 |
| Information Associate | 34330 |
| Business Services Analyst - Senior | 34580 |
| Business Services Analyst - Advanced | 34570 |
| Business Services Analyst | 34560 |
| Technical Delivery Team Manager | 12210 |
| Project Manager | 12620 |
| Project Analyst - Senior | 34830 |
| Project Analyst - Advanced | 34820 |
| Project Analyst | 34810 |
| Data Base Administrator | 31620 |
| Data Base Associate | 50860 |
| Infrastructure Specialist Senior | 34280 |
| Systems Administrator - Advanced | 34070 |
| Systems Administrator | 34060 |
| Systems Administrator - Associate | 50810 |
| Computer Operator | 50020 |
| QA Specialist - Advanced | 33200 |
| QA Specialist | 33120 |
| Technical Writer | 30630 |
| Specialized Support Clerk | 70990 |
| General Support Clerk | 70970 |

19. **Amend Section B.7.6 of Attachment B to reflect the change in address for the Bureau of TennCare. The new address shall read as follows:**

310 Great Circle Road

20. **Amend Section B.7.6.k of Attachment B by deleting it in its entirety and substituting with the following:**

Telephones

1. State - provide for State staff
2. State – provide for the Contractor staff using the following rates:
 - a. Monthly service charge per set - \$6.38
 - b. Long Distance for intralata per minute - \$0.072
 - c. Long Distance for interlata per minute - \$0.067

21. **Amend Section B.8 of Attachment B by deleting it in its entirety and substituting with the following:**

Modifications and Enhancements

B.8.1 System Modifications and Enhancements

System modifications and enhancements shall result when the State determines (or when the Contractor determines with State approval) that additional functionality is needed or an additional requirement must be met, which results in a change to existing file structures, data sets, or current processing logic. Examples of system modifications include:

- a. DDI of system capabilities not specified in the RFP, this Contract, and any and all amendments thereto.
- b. DDI of edits not defined in the operational Replacement TCMIS accepted by the State.
- c. Substantial changes to established reports, screens and windows, or electronic formats; addition of new data elements or report elements.
- d. Introduction of a new input form or electronic input format.
- e. Substantial changes in TennCare policies.

B.8.2 Modification and Enhancement Staff

The Contractor shall be required to provide and maintain a modification and enhancement staff to perform the system modifications and enhancements of the TCMIS. The Contractor shall ensure that all staff has the necessary technical background, education, and skills to perform in the various environments necessary to support the TCMIS. TennCare has the right to disapprove a staff person if it deems that person not qualified.

The Contractor will provide a monthly report of time spent by job category for Information Analysts, Business Services Analysts and Project Managers. This time includes all time with the exception of Holidays, Vacations, and Sick time. Based upon the Contractor's staffing levels the minimum number hours are:

Period: January 1, 2007 through June 30, 2007

| Job Category | Base Hours | Increased Systems Hours | Total Hours per Fiscal Year |
|------------------------------------|------------|-------------------------|-----------------------------|
| Information Analyst | 12,390 | 34,515 | 46,905 |
| Business Services Analyst | 4,425 | 8,850 | 13,275 |
| Project Manager | N/A | 5,310 | 5,310 |
| Total Contract Period Hours | | | 65,490 |

Period: July 1, 2007 through June 30, 2008

| Job Category | Base Hours | Increased Systems Hours | Total Hours per Fiscal Year |
|------------------------------------|------------|-------------------------|-----------------------------|
| Information Analyst | 24,780 | 69,030 | 93,810 |
| Business Services Analyst | 8,850 | 17,700 | 26,550 |
| Project Manager | N/A | 10,620 | 10,620 |
| Total Contract Period Hours | | | 130,980 |

Period: July 1, 2008 through December 31, 2008

| Job Category | Base Hours | Increased Systems Hours | Total Hours per Fiscal Year |
|------------------------------------|------------|-------------------------|-----------------------------|
| Information Analyst | 12,390 | 34,515 | 46,905 |
| Business Services Analyst | 4,425 | 8,850 | 13,275 |
| Project Manager | N/A | 5,310 | 5,310 |
| Total Contract Period Hours | | | 65,490 |

Period: January 1, 2009 through June 30, 2009 – Open Period

| Job Category | Base Hours | Increased Systems Hours | Total Hours per Fiscal Year |
|------------------------------------|------------|-------------------------|-----------------------------|
| Information Analyst | 12,390 | 34,515 | 46,905 |
| Business Services Analyst | 4,425 | 8,850 | 13,275 |
| Project Manager | N/A | 5,310 | 5,310 |
| Total Contract Period Hours | | | 65,490 |

Team Leaders (TL) and the rest of the Project Management Office (PMO) time including the work planner, release coordinator, change management coordinator, project analyst, and clerk will not be applied to the minimum hours above.

Any enhancement that requires services outside of the existing staff shall be considered a Special Project and will be funded and managed separately from the existing staffing and the existing processes.

B.8.3.a National Provider Identifier (NPI) Enhancement Staff

The Contractor shall be required to provide a NPI Enhancement Staff to perform NPI system enhancements of the TCMIS. These enhancements will be defined and mutually agreed to by the State and the Contractor. The labor associated with defining these enhancements shall be included in the effort included in the NPI production hours. This staff shall be in addition to the current systems staffing. This staff shall be identified by the Contractor as the NPI Enhancement Staff and shall be assigned to the NPI projects as approved by the State.

The NPI Enhancement Staff shall have the necessary technical background, education, and skills required to perform in the various environments necessary to support the TCMIS. TennCare has the right to disapprove a staff person if it deems that person not qualified. This time includes all time with the exception of Holidays, Vacations, and

Sick time. Based upon the Contractor's staffing levels the maximum number of NPI hours already included are:

Period: January 1, 2007 through June 30, 2007

| | |
|--|--------|
| All skill sets total contract period hours | 29,750 |
|--|--------|

Period: July 1, 2007 through December 31, 2007

| | |
|--|--------|
| All skill sets total contract period hours | 29,750 |
|--|--------|

Any NPI enhancement work that requires services beyond that of the contract period hours shall be funded separately using the Blended Rate below.

| Period | Blended Rate |
|---|--------------|
| NPI Enhancement Staff – 1/1/2007 – 6/30/2007 | \$84.04 |
| NPI Enhancement Staff – 7/1/2007 – 12/31/2007 | \$84.04 |

B.8.3 Modification and Enhancement Activities and Milestones

System modifications to the Replacement TCMIS may be initiated by the State or by the Contractor through the submission of a modification request form. The Contractor shall respond, in writing, to modification requests submitted by the State within five (5) business days of receipt. The response shall consist of an acknowledgment of the request and a preliminary assessment of the effort (number of hours) required to complete the change. All modification requests shall be prioritized and approved (or denied or modified) by the State. When the State approves a modification request, the Contractor shall conduct the modification (enhancement) project in accordance with the following system development life cycle (SDLC):

- a. Requirements Definition and Business Design - Results in a business Design Document. The Business Design document shall specify the problem to be addressed, propose a design solution, specify the estimated level of effort and specify the schedule required to design, code, test, and implement the change. The State shall approve the request, assign a priority to it, and establish the expected completion date. At the completion of each step of the modification SDLC, the State shall exercise the option to adjust priority, stop the project, put the project on hold, or authorize the Contractor to proceed.
- b. Technical Design - Results in a Technical Design Document.
- c. System Construction - Includes system modification, system testing of modifications, and conversions of data, where necessary.
- d. Verification and Validation - Includes acceptance testing of changes or such other techniques as the State determines appropriate to accept the system modification for implementation and operation.
- e. The modification project shall not be considered complete until all systems and user documentation, including, where appropriate, the metadata, has been

updated. Such updates must be completed within ten (10) business days of implementation of the modification project.

- f. The Contractor shall prepare a weekly report that lists each outstanding modification request; its priority and current status; its expected completion date; progress toward completion, including hours expended during the period; and an update of the estimated staff hours to complete it and specific personnel assigned. The report will be sorted by status and by priority.
- g. The Contractor shall also prepare a monthly report on evolution staffing and hours expended by project or administrative category.

B.8.4 Implementation into Production

The implementation of the system modification into the production version of the Replacement TCMIS; this activity also includes updates to system documentation, operations manuals, and user manuals.

B.8.5 Post-Implementation Assessment

An assessment conducted by the Contractor of each system modification approximately thirty (30) calendar days after implementation to ensure that the modification is functioning properly; the Contractor will report the results of this assessment to the State.

B.8.6 Operations Documentation

The Contractor shall, at all times, provide that all copies of the TCMIS System Documentation are current and the Contractor shall incorporate all updates. Four (4) copies of the TCMIS documentation and all updates shall be provided to the State. The TCMIS documentation must also be provide to the State in an electronic format. The Contractor shall be responsible for maintaining and updating each of the State's copies. The Contractor shall develop and maintain an easy reference guide with critical codes and descriptions, online access transaction codes, etc. and provide, at a minimum, 100 copies to the State. The reference guide must also be provided to the State in an electronic format.

22. Amend Section I.2.3.d of Attachment I by deleting it in its entirety and substituting with the following:

Key personnel are defined as the Project Manager, Operations Processing Manager, Computer Operations Manager and the TCMIS Systems Manager. In addition, the State reserves the right to reasonably require the removal and/or replacement of any of the Contractor's staff, any subcontractor, or subcontractor's staff. The Contractor shall provide resumes for key personnel as reasonably requested by the State. (Refer to Attachment 9.14 of the RFP)

23. Amend Attachment L by deleting it in its entirety and substituting with the attached:

The other terms and conditions of this Contract are not amended and hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:

Barbara Anderson

Date

EDS Information Service, L. L. C. ("EIS"):

Barbara Anderson

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr., Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

Date

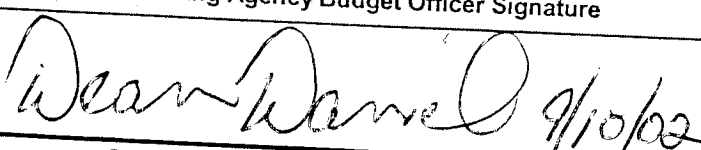
CONTRACT SUMMARY SHEET

4040102

| | | | | | |
|--|--|----------------------------------|----|--------------------|--|
| 318.65-080 | | Contract Number: | | FA-03-15069-00 | |
| Department of Finance and Administration | | Division: | | Bureau of TennCare | |
| Contractor | | Contractor Identification Number | | | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. ("EIS") | | X | V- | 52548221-06 | |
| | | | C- | | |
| Service Description | | | | | |

Development , implementation and replacement TennCare Management Information System (TCMIS)

| | | | | | | | |
|---------------------|-----------------|-----------------|-------------------------|-------------------|--|---------------|--|
| Contract Begin Date | | | | Contract End Date | | | |
| 12-Aug-02 | | | | 30-Jun-07 | | | |
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code | |
| 318.65 | 27 | 139 | 11 | X on STARS | | | |
| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount include ALL amendments | | |
| 2003 | \$1,780,838.28 | \$16,027,544.55 | | | \$17,808,382.83 | | |
| 2004 | \$3,213,133.79 | \$9,639,401.37 | | | \$12,852,535.16 | | |
| 2005 | \$2,771,712.06 | \$8,315,136.18 | | | \$11,086,848.24 | | |
| 2006 | \$2,729,102.23 | \$8,187,306.68 | | | \$10,916,408.91 | | |
| 2007 | \$2,708,200.26 | \$8,109,600.79 | | | \$10,817,801.05 | | |
| Total: | \$13,202,986.62 | \$50,278,989.57 | \$0.00 | \$0.00 | \$63,481,976.19 | | |

| | | | |
|--|--|---|--|
| CFDA Number: | 93.778 | Check the box (below) ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Dean Daniel | Is the Contractor a VENDOR? (per OMB A-133) | |
| Address: | 729 Church Street, Nashville, TN 37247 | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Phone: | (615) 532-1362 | Is the Contractor on STARS? | |
| Procuring Agency Budget Officer Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
|  | | Is the Contractors Form W-9 Filed with Accounts? | |
| | | X | |

COMPLETE FOR ALL AMENDMENTS (only)

| End Date > | Base Contract & Prior Amendments | This Amendment ONLY |
|------------|----------------------------------|---------------------|
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| Totals: | \$0.00 | \$0.00 |

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU**

**AND
Electronic Data Systems Corporation and EDS Information Service, L. L. C.
("EIS")**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, TennCare Bureau hereinafter referred to as the "State" and Electronic Data Systems Corporation, a Delaware Corporation ("EDS") and EDS Information Service, L. L. C. ("EIS"), a Texas limited liability company, hereinafter referred to as the "Contractor," is for the provision of the services of a facilities manager and a replacement Medicaid Management Information System, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation The Contractor's address is:

729 Church Street
Nashville, Tennessee 37243

The Contractor's place of incorporation or organization State of Texas.

A. SCOPE OF SERVICES:

- A.1. General Scope of the Replacement TCMIS Project. The Contractor agrees to develop and implement a Replacement TCMIS meeting all of the State's requirements, and to perform all Facilities Manager services, in accordance with this Contract, the Contract Attachments, and State Request for Proposals Number RFP—318.65-080, incorporated hereto by reference pursuant to Section E.14 of this Contract.

Any reference in this Contract or its attachments to the "RFP," or the "proposal" shall be construed to reference this Contract, and any reference herein to the "Proposer" shall be construed to reference the Contractor.

- A.2. Replacement TCMIS Project Approach, Project Management, and Functional and Technical Requirements. The Contractor shall manage the Replacement TCMIS Project and develop a TCMIS in accordance with requirements stated in the following Contract Attachments.

Attachment A: Project Approach
Attachment B: Project Management
Attachment C: Software Cost Clarification
Attachment D: Business Areas
Attachment E: General Requirements
Attachment F: Integration/Interface Requirements

Attachment G: Process Model
Attachment H: Conceptual Data Model
Attachment I: Liquidated Damages
Attachment J: Contractor Detail Pricing

- A.3. TCMIS Replacement Design, Development, and Implementation (DDI) Phase I. The Contractor shall design, develop, deliver, install, and implement, the following four major components of the Replacement TCMIS in Phase I by March 31, 2003. The four major components and a description of each component follows:
- A.3.1. Eligibility/Enrollment/Premium Management.
- A.3.1.1. Eligibility/Enrollment (See Contract Attachment D, Part 2.3). A Client Eligibility and Enrollment Data Repository will be implemented and will be the single source of eligibility data in the Replacement TCMIS. The repository will be used for all functions that require client eligibility information. All client eligibility information will be maintained in the repository. The repository will function to enroll and dis-enroll clients in Managed Care Contractor plans. This repository will also support the TennCare on-line Eligibility Verification System, an existing web browser function.
- A.3.1.2. Premium Management (See Contract Attachment D, Part 7.8). A premium management component will be implemented to support monthly client premium billing, posting of premium receipts and maintenance of accurate premium account balances. This system component will fully support premium management receivable processing including client refunds and will create a high level of automation between the Replacement TCMIS, the Accounting and Financial Management application, and the State Accounting and Reporting System (STARS). This system component will also support a Health Insurance Purchasing Program (HIPP) to pay insurance premiums for employer and government sponsored health insurance coverage for eligible clients, if required.
- A.3.2. Imaging and Document Management (See Contract Attachment D, Part 14.3.3). The Contractor shall deliver, install, configure, operate, and integrate a Document Imaging, Storage and Retrieval application. The imaging application will enable the Bureau of TennCare to scan, store and retrieve indefinitely, a permanent image of all correspondence, received and sent. The imaged documents shall be on-line retrievable for viewing and printing for up to five (5) years.
- A.3.3. Computerized Telephony System (CTS) (See Contract Attachment D, Part 14.3.1). The Contractor shall deliver, install, configure, and support, a multi-site Computerized Telephony System (CTS). The CTS will consolidate and integrate

three (3) call centers to support timely and superior client and provider calls. The CTS will be integrated with the Replacement TCMIS.

- A.3.4. Accounting and Financial Management Application (See Contract Attachment D, Part 7.8). The Contractor will deliver, configure, install, and integrate an Accounting and Financial Management application. The required software will automate the accounting and financial management processes between the Bureau of TennCare Accounting and Finance office, STARS, and the Replacement TCMIS. The Contractor will establish processes to support payment of all TennCare accounts payable functions through the STARS system including electronic funds transfer payment (EFT) capabilities through the STARS system.
- A.4. TCMIS Replacement DDI Phase II. The second phase of the design, development, and implementation of the Replacement TCMIS consists of the following Replacement TCMIS system components to be completed by September 30, 2003. The major components and a description of each component follows:
 - A.4.1. Claims and Encounter Processing (See Contract Attachment D, Part 5.3). The Contractor shall implement a Claims and Encounter Processing component that will ensure that fee-for-service claims from enrolled providers and encounter data from Managed Care Contractors are received, tracked, processed, and reported accurately and in a timely manner.
 - A.4.2. Provider Enrollment (See Contract Attachment D, Part 4.3). The Contractor shall implement a Provider Enrollment and Maintenance component that ensures only qualified eligible providers are enrolled in TennCare. The Provider Enrollment component will ensure that enrolled TennCare providers are qualified to render specific services by requiring applicants to document; state licensure and certification, federal participation requirements, and specialty board certification, if appropriate. This component will record and identify the enrollment of providers contracted to Managed Care Contractor plans and assure only qualified and eligible providers are rendering services to TennCare clients through the Managed Care Contractors.
 - A.4.3. EPSDT Tracking and Noticing (See Contract Attachment D, Part 10.3). The Contractor shall implement an EPSDT component of the Replacement TCMIS to support the capture and maintenance of information related to EPSDT and immunization appointments and services. The EPSDT component shall provide a mechanism to track and report whether or not clients/enrollees who are eligible for these services receive screenings. The component must support the automated generation of follow-up or reminder correspondence and push “alerts” to

appropriate individuals about upcoming or overdue appointments and other events.

- A.4.3. All Other TCMIS Components and Functionality. The Contractor shall implement all other Replacement TCMIS components and functions including the following:
 - A.4.4.1. Contract Management (See Contract Attachment D, Part 8.3). The Contract Management component of the Replacement TCMIS must support the management of Bureau of TennCare contracts from initiation of proposed contracts with business partners through daily management and closure. The required features include a financial component that establishes the financial obligations of the contract, the funding amount, and monitoring of payments against funding levels. The ability to apply financial transactions (i.e. withholds, penalties, assessments, and releases) against future payments to yield “net” payment amounts is required. This financial component will also interface with STARS.
 - A.4.4.2. Benefit Package (See Contract Attachment D, Part 3.3). The Replacement TCMIS must support multiple benefit packages, store detailed information about the scope of services covered under each benefit package and allow an eligible client to elect, or be assigned, one or more benefit packages. Benefit packages may include a full range of services or a limited range of services, such as services covered under “carve outs”. Benefit package data must include the scope of covered services by service category and within each category, the procedure codes that are covered and/or not covered. In addition, the system must support publication and maintenance of the detailed business rules, policies, and procedures of the covered services within each benefit package. The benefit package functionality required includes client assignment to and/or election of benefit packages based on eligibility categories, location, age and sex variables and family affiliations, editing client claims and encounters against covered benefits, and premium rate selection or calculation.
 - A.4.4.3. LTC Referrals, Service Plans, and Authorization (See Contract Attachment D, Part 6.3). This component will automate and support processing of Preadmission Evaluations (PAE), Home and Community Base Service Plans, and Long Term Care Authorizations through the receipt, distribution, decision, and response process.
 - A.4.4.4. Program Integrity (See Contract Attachment D, Part 9.3). The Program Integrity component will identify and report potential or suspected fraud and abuse and refer such information for investigation. This component will also edit eligibility, claims, and encounter records for third party liability cost avoidance. The TPL function must provide capabilities to manage private

health insurance, Medicare, Medicaid and other third-party resources of TennCare clients and ensure that TennCare is the payer of last resort. This function must work with a combination of cost-avoidance (claim denial) and cost recovery. To the maximum extent possible, the Replacement TCMIS shall use automated processes to maximize cost-avoidance.

- A.4.4.5. Medical Policies and Procedures (See Contract Attachment D, Part 11.3). This component of the Replacement TCMIS will host and support publishing, maintenance, distribution, and electronic access to the Medical Policies and Procedures of the Bureau of TennCare and the Medical Policies and Procedures of the Managed Care Contractor business partners.
- A.4.4.6. Legal (See Contract Attachment D, Part 12.3). This component of the Replacement TCMIS will accept the Justice Information Center incarceration information, match new incarcerations to the TCMIS eligibility file, suspend eligibility of clients matched, identify the reason for suspense, and generate a report of actions, each time the incarceration file is received. Additionally, the system will interface with other State systems to exchange client appeal information.
- A.4.4.7. Member Services (See Contract Attachment D, Part 13.3). This component will implement the integrated Computerized Telephony System with the Replacement TCMIS and support call suspense management and history tracking through the Replacement TCMIS. The full integration of the Correspondence Management component and the Document Imaging component with the Replacement TCMIS will also be implemented in this component.
- A.4.4.8. Electronic Commerce, EDI, and Internet Processing (See Contract Attachment D, Part 14.3.4). The Contractor shall implement electronic commerce services to include; virtual private network connectivity, electronic claims and remittances, and all electronic interfaces defined in Contract Attachment F. The system will maintain electronic transaction processing for the following functions: enrollment; eligibility; claims related transactions; encounter data; and coordination of benefits with other payors and carriers, including Medicare crossover claims, while ensuring compliance with HIPAA electronic data interchange (EDI) standards. The Contractor will implement internet information exchange services defined in DDI, Phase I and II through the State WEB portal vendor.
- A.4.4.9. Complaint, Grievance, and Appeal Tracking System (See Contract Attachment D, 14.3.2). This component will implement the complaint, grievance and appeals recording, tracking and management system. Additionally, the contract shall implement an analysis component to trend and

report complaints, grievances and appeals in the aggregate and by client, managed care contractor, and provider.

A.4.4.10. Reference Data (See Contract Attachment D, Part 15.3). The Contractor will implement all Reference Data files and process requirements of the Replacement TCMIS to support the processes of the system and provide access to timely, accurate code and pricing information in order to accurately process claims in accordance with TennCare policy.

A.5. Facilities Manager Services (See Contract Attachment B, Part 7). The Contractor shall operate and maintain the Replacement TCMIS and perform related facilities management functions in accordance with all Federal, State, and Bureau of TennCare requirements. The facilities manager function is mainly comprised of claims processing, mail room operations, file maintenance, system functionality processing, system and operational support, and user training. The Contractor will provide the system maintenance function of the Replacement TCMIS. System maintenance will result from one of the following conditions: 1) the need to make operational improvements or increase the operational efficiency to existing components of the Replacement TCMIS or 2) the correction of a deficiency in the Replacement TCMIS, whether identified by the Bureau of TennCare or by the Contractor. Additionally, the maintenance staff should provide any requested changes to the Replacement TCMIS that are maintenance requirements.

As stated in the table of section C.3 of this contract, the start date for year one operations will begin upon the completion and the acceptance by the State of Phase I DDI and will end on June 30, 2003. Year two operations will begin with the on-going facilities manager responsibilities required to operate Phase I. Additional operational responsibilities will begin within year two upon the completion and the acceptance by the State of Phase II DDI. Year 2 facilities manager responsibilities will end June 30, 2004. Year three operations will begin with the on-going facilities manager responsibilities required to operate Phase I and II on July 1, 2004 and ending on June 30, 2005. Year four operations will begin with the on-going facilities manager responsibilities required to operate Phase I and II on July 1, 2005 and ending on June 30, 2006. Year five operations will begin with the on-going facilities manager responsibilities required to operate Phase I and II on July 1, 2006 and ending on June 30, 2007.

The Contractor will maintain a stable and skilled cadre of maintenance staff in order to meet the needs of the Replacement TCMIS users. The Bureau of TennCare requires that the turnover rate of maintenance staff not exceed the annual percentages defined in the following table. The Bureau of TennCare also requires that the staffing level for any type of position (as defined in Contract Attachment B, Part 7.3) not be less than the percentage defined in the following table of the staffing level approved by the Bureau of TennCare for a period of

more than thirty (30) calendar days. In the event of a failure to meet the turnover requirements below, the Contractor shall pay to the State \$10,000 per each thirty day period the Contractor is not in compliance. In the event of a failure to meet the staffing level requirements below, the Contractor shall pay to the State \$10,000 per each thirty day period the Contractor is not in compliance.

| Maintenance and User Support Staff Position | Thresholds | |
|--|----------------------|-----------------------|
| | Turnover Rate | Staffing Level |
| Senior Systems Analyst | 25% | 90% |
| Systems Analyst | 25% | 90% |
| Programmer Analyst III | 25% | 90% |
| Programmer Analyst II | 35% | 75% |
| Programmer Analyst I | 35% | 75% |
| Documentation Specialist | 35% | 75% |

- A.6. Modification and Enhancement Staffing (See Contract Attachment B, Part 8). The Contractor will implement modification and enhancement staffing (as required) to ensure that all State requested modifications and enhancement tasks can be completed in a timely manner. System modification and enhancement task will result when the State determines that additional functionality is needed that results in a material change to the Replacement TCMIS after the start of operations.

- A.7. Operations Transaction Excess Pricing (See Contract Attachment E, Part 15). The Contractor will track the volumes for each of the services available for excess pricing. In addition to tracking the volumes, the Contractor must report all volumes to the State quarterly. The reporting should state the volumes that occurred during the quarter, the thresholds listed below, and the variance between the two volume levels. The volume thresholds are listed below:

| State Volumes Description | Quarterly Threshold Levels |
|----------------------------------|-----------------------------------|
| Claim Transactions | 2,502,500 |
| Encounter Transactions | 23,375,000 |
| Letters | 336,600 |
| Daniel's Letters | 121,000 |

| | |
|------------------------------|---------|
| Premium Statements and Bills | 352,110 |
|------------------------------|---------|

In addition to tracking quarterly volumes for the items above, the Contractor must report all volumes to the State annually. The reporting should state the volumes that occurred during the contract year, the threshold listed below, and the variance between the two volume levels. The volume threshold is listed below:

| State Volumes Description | Annual Threshold Levels |
|---------------------------|-------------------------|
| SSI Ballots | 412,500 |

A.8. Facilities Management.

- A.8.1. Minor leaseholder improvements (that do not exceed \$500 individually and limited to \$5,000 over the life of the Contract), space, utilities, janitorial services, open office landscaping, or other reasonable minor leased space related costs for the space provided by the State, except as otherwise provided herein, shall be the responsibility of the State
- A.8.2. Major modifications of work space are the responsibility of the Contractor. All major modifications must be approved by the State. The Contractor shall be responsible for all other facilities costs not specifically identified as the responsibility of the State. Such other costs include, but are not limited to:
- a) Telephone system (including telephone lines and telephone instruments for its staff) and service, but not including lines to the data center and State LAN/WAN connections;
 - b) Facilities Manager internal LAN/WAN connections; and
 - c) Office furniture in addition to that provided with the space; and
 - d) Electrical hook-ups and connections; and
 - e) Routine office equipment, printing equipment, and other equipment not specified in the RFP

B. CONTRACT TERM:

Contract Term. This Contract shall be effective for the period commencing on August 12, 2002, and ending on June 30, 2007. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability.

- C.1.1. In no event shall the maximum liability of the State under this Contract exceed Sixty three million four hundred seventy six thousand, nine hundred seventy six

dollars and nineteen cents (\$63,476,976.19) for professional services pursuant to this contract (*id est.*, implementation phase I, implementation phase II, and facilities manager services, and maintenance staffing). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.1.2. In addition to the maximum liability for professional services the State shall deem certain costs incurred by the Contractor (notably postage) as pass-through costs for which the State shall reimburse the Contractor actual costs. Pass-through costs shall include:

C.1.2.1. Postage. All mailings pursuant to this Contract shall be mailed first class unless otherwise approved or directed by the State. The direct postage cost, shall be a pass-through item and includes but is not limited to the following items:

- a) Provider mailings, including bulletins, manuals, enrollment packages, returned claims, remittance advices, and checks;
- b) REOMBs and return postage;
- c) Claim and adjustment forms;
- d) Preadmission Evaluation (PAE) forms;
- e) Nursing Home Turnaround Documents (TAD), if applicable;
- f) TPL and accident questionnaires and return postage, if required;
- g) Cost logs;
- h) Recipient denial and termination notices – SSI and TennCare Standard;
- i) Managed care organization (MCO) mailings, including rosters, returned encounters, bulletins, remittance advices, checks, and special reports;
- j) QMB-only ID cards;
- k) TennCare and special waiver project mailings; and

documentation, prior to any payment. Such invoices shall be submitted for completed project milestones for the amount stipulated.

| PHASE: | MILESTONE PAYMENT |
|--|------------------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (20% of the grand total for DDI milestone payments) | \$ 1,191,156.20 |
| Acceptance Testing (20% of the grand total for DDI milestone payments) | \$ 1,191,156.20 |
| Implementation (30% of the grand total for DDI milestone payments) | \$ 1,786,734.30 |
| DDI PHASE II: | |
| Design Kick-off Phase (10% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (10% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Construction Phase (20% of the grand total for DDI milestone payments) | \$ 2,758,820.96 |
| Acceptance Testing (20% of the grand total for DDI milestone payments) | \$ 2,758,820.96 |
| Implementation (30% of the grand total for DDI milestone payments) | \$ 4,138,231.44 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I and DDI Phase II (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,749,885.80 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE Start— 6/30/2003 | HOURLY RATE 7/1/2003— 6/30/2004 | HOURLY RATE 7/1/2004— 6/30/2005 | HOURLY RATE 7/1/2005— 6/30/2006 | HOURLY RATE 7/1/2006— 6/30/2007 |
|---|---------------------------------------|--|--|--|--|
| Senior Systems Analyst (10+ years) | \$ 87.28 | \$ 89.37 | \$ 91.52 | \$ 93.72 | \$ 95.97 |
| Systems Analyst (1-9 years) | \$ 84.63 | \$ 86.66 | \$ 88.74 | \$ 90.87 | \$ 93.05 |
| Programmer Analyst III (5+ years) | \$ 69.75 | \$ 71.42 | \$ 73.14 | \$ 74.89 | \$ 76.69 |
| Programmer Analyst II (2-4 years) | \$ 65.00 | \$ 66.56 | \$ 68.16 | \$ 69.79 | \$ 71.47 |
| Programmer Analyst I (0-1 years) | \$ 57.50 | \$ 58.88 | \$ 60.29 | \$ 61.74 | \$ 63.22 |
| Documentation Specialists | \$ 43.66 | \$ 44.71 | \$ 45.78 | \$ 46.88 | \$ 48.00 |

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|--------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniel's Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

C.4. Travel Compensation. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time.

C.4.1. The "Official Station," which is defined as the location, at which Contractor personnel shall perform the major portion of their duties, will be Nashville, Tennessee.

- C.4.2. Neither the Contractor, its personnel, nor its agents shall be eligible for reimbursements for any travel expenses related to work performed at the Official Station. This includes, but is not limited to, travel to and from the Official Station and local subsistence.
- C.4.3. The State shall only compensate the Contractor for travel in those cases where, at the State's request and with prior written approval, Contractor personnel may be required to travel and work away from the Official Station.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State and Federal officials in accordance with applicable Tennessee State and Federal laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final

payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint ventures, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.
- The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.
- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising there from, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.
- The State:

Commissioner, Bureau of TennCare
Department of Finance and Administration
729 Church Street
Nashville, TN 37247-6501
Telephone Number (615) 741-0213
Facsimile Number (615) 741-0882

The Contractor:

Electronic Data Systems Corporation
Greg Bryant
Project/Account Manager
729 Church Street
Nashville, TN 37243
615.255-8313, ext 110
615.254-3109

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the facsimile machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4 Breach. A party shall be deemed to have breached the Contract if any of the following occurs:
- a) failure to perform in accordance with any term or provision of the Contract;
 - b) partial performance of any term or provision of the Contract;
 - c) any act prohibited or restricted by the Contract, or
 - d) violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

- E.4.1 Contractor Breach— The State shall notify Contractor in writing of a Breach.
- E.4.1.1. In event of a Breach by Contractor, the state shall have available the remedy of Actual Damages and any other remedy available at law or equity.

- l) Recipient/applicant mailings, including TennCare application forms (if required), rejected applications, eligibility/enrollment notices, MCO ballots, enrollee premium statements, dunning notices, and any other notices required by the Bureau of TennCare.

C.1.2.1.1. Pass-through postage costs shall not include contractor postage for Contractor business operations.

C.1.2.1.2. The fixed rate for the Takeover, Operations and Maintenance, and Turnover Phases during the three to five-year period shall exclude all direct postage cost.

C.1.2.2. Minor leaseholder improvements, not to exceed \$5,000 over the life of the Contract, space, utilities, janitorial services, open office landscaping, or other reasonable minor leased space related costs for the space provided by the State, except as otherwise provided herein, shall be the responsibility of the State.

C.1.2.3. Equipment maintenance agreements specifically designated by the State as pass-through costs.

C.1.2.4. Any other costs specifically designated by the State as pass-through costs.

C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology.

Pass-Through Cost Payments—The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments—The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I and Phase II as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting

E.4.1.2. Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed the Liquidated Damages contained in above referenced, Contract Attachment I and agree that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

E.4.1.3. Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said

Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

- E.4.1.4. **Contract Termination**— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.
- E.4.2. **State Breach**— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.
- E.5. **Partial Takeover**. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to

deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- E.6. Annual Report and Audit. The Contractor shall prepare and submit, within nine (9) months after the close of the reporting period, an annual report of its activities funded under this Contract to the commissioner or head of the contracting agency, the Tennessee Comptroller of the Treasury, and the Commissioner of Finance and Administration. The annual report for any Contractor that receives \$300,000 or more in aggregate federal and state funding for all its programs shall include audited financial statements. All books of account and financial records shall be subject to annual audit by the Tennessee Comptroller of the Treasury or the Comptroller's duly appointed representative. When an audit is required, the Contractor may, with the prior approval of the Comptroller, engage a licensed independent public accountant to perform the audit. The audit contract between the Contractor and the licensed independent public accountant shall be on a contract form prescribed by the Tennessee Comptroller of the Treasury. Any such audit shall be performed in accordance with generally accepted government auditing standards, the provisions of OMB Circular A-133, if applicable, and the *Audit Manual for Governmental Units and Recipients of Grant Funds* published by the Tennessee Comptroller of the Treasury. The Contractor shall be responsible for reimbursement of the cost of the audit prepared by the Tennessee Comptroller of the Treasury, and payment of fees for the audit prepared by the licensed independent public accountant. Payment of the audit fees of the licensed independent public accountant by the Contractor shall be subject to the provisions relating to such fees contained in the prescribed contract form noted above. Copies of such audits shall be provided to the designated cognizant state agency, the State Contracting Department, the Tennessee Comptroller of the Treasury, and the Department of Finance and Administration and shall be made available to the public.
- E.7. State Ownership of Work Products. The State shall have all ownership right, title, and interest, including ownership of application source code and copyright, in all work products created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law
- E.7.1. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.

- E.7.2. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.
- E.8. Contractor Proprietary Software. "Contractor Proprietary Software" shall be further defined by Contract Attachment C. If the Contractor's TCMIS system solution includes Contractor Proprietary Software, the following provisions shall apply:
- E.8.1. Upon the State's written acceptance of the completion of the Implementation Phase, the Contractor shall provide the State with a perpetual, royalty-free, paid-up, unlimited, non-exclusive, and irrevocable license to use and operate the Contractor Proprietary Software for the State's business purposes as a part of the Replacement TCMIS system. Under such perpetual license, the State shall also have the right to extend access to and use of the Contractor Proprietary Software (as a part of the TCMIS system) to other users, consistent with the purposes of TCMIS. The Contractor shall not charge the State any additional fees, on-going licensure fees, maintenance fees, or otherwise, for this perpetual license. This provision shall survive the term of this Contract.
- The Contractor shall not charge the State any additional fees, on-going licensure fees, maintenance fees, or otherwise, for this perpetual license. This provision shall survive the term of this Contract.
- E.8.2. The Contractor shall deliver the Contractor Proprietary Software object code to the State at the same time that it delivers the source code for the remainder of the Replacement TCMIS.
- E.8.3. The Contractor shall retain ownership right, title, and interest in the portions of the Replacement TCMIS System that were not developed using State or Federal moneys or resources, and that were complete and the property of the Contractor as of the Contract start date, PROVIDED THAT:
- E.8.3.1. The Contractor hereby grants the State a perpetual, royalty-free, paid-up, irrevocable, unlimited, and non-exclusive right to use the Contractor Proprietary Software for the State's business purposes. The Contractor warrants that Contractor is duly authorized to grant this right.
- E.8.3.2. The State shall take all reasonable steps to preserve the confidential and proprietary nature of the Contractor Proprietary Software. The State shall make reasonable efforts not to disclose or disseminate Contractor's proprietary information to any third party that is not an agent of the State.
- E.9. Performance Bond. Upon approval of the Contract by all appropriate State officials in accordance with applicable State laws and regulations, the Contractor shall furnish a performance bond in the amount equal to One Million Five Hundred Thousand Dollars (\$1,500,000), guaranteeing full and faithful

performance of all undertakings and obligations under this Contract for the initial Contract term and all extensions thereof. The bond shall be in the manner and form prescribed by the State and must be issued through a company licensed to issue such a bond in the State of Tennessee.

The Contractor shall obtain the required performance bond in form and substance acceptable to the State and provide it to the State no later than August 19, 2002. Failure to provide the performance bond prior to the deadline as required shall result in contract termination.

In lieu of a performance bond, a surety deposit, in the sum of One Million Five Hundred Thousand Dollars (\$1,500,000), may be substituted if approved by the State prior to its submittal.

- E.10. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of *Tennessee Code Annotated*, Section 12-7-101, *et. seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by *Tennessee Code Annotated*, Section 12-7-103 (d).
- E.11. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or services. Such procurements shall be made on a competitive basis, where practical.
- E.12. State Interest in Equipment—Uniform Commercial Code Security Agreement. The Contractor shall take legal title to all equipment and to all motor vehicles, hereinafter referred to as "equipment," purchased totally or in part with funds provided under this Contract, subject to the State's equitable interest therein, to the extent of its *pro rata* share, based upon the State's contribution to the purchase price. "Equipment" shall be defined as an article of nonexpendable, tangible, personal property having a useful life of more than one year and an acquisition cost which equals or exceeds \$5,000.00.

As authorized by the provisions of the terms of the Tennessee Uniform Commercial Code— Secured Transaction, found at Title 47, Chapter 9 of the *Tennessee Code Annotated*, and the provisions of the Tennessee Motor Vehicle Title and Registration Law, found at Title 55, Chapter 1 of the *Tennessee Code Annotated*, an intent of this Contract document and the parties hereto is to create and acknowledge a security interest in favor of the State in the equipment or motor vehicles acquired by the Contractor pursuant to the provisions of this Contract document. A further intent of this Contract document is to acknowledge and continue the security interest in favor of the State in the equipment or motor vehicles acquired by the Contractor pursuant to the provisions of this program's prior year Contracts between the State and the Contractor.

The Contractor hereto grants the State a security interest in said equipment. This agreement is intended to be a security agreement pursuant to the Uniform

Commercial Code for any of the equipment herein specified which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and the Contractor hereby grants the State a security interest in said equipment. The Contractor agrees that the State may file this Contract or a reproduction thereof, in any appropriate office, as a financing statement for any of the equipment herein specified. Any reproduction of this or any other security agreement or financing statement shall be sufficient as a financing statement. In addition, the Contractor agrees to execute and deliver to the State, upon the State's request, any financing statements, as well as extensions, renewals, and amendments thereof, and reproduction of this Contract in such form as the State may require to perfect a security interest with respect to said equipment. The Contractor shall pay all costs of filing such financing statements and any extensions, renewals, amendments and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements the State may reasonably require. Without the prior written consent of the State, the Contractor shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said equipment, including replacements and additions thereto. Upon the Contractor's breach of any covenant or agreement contained in this Contract, including the covenants to pay when due all sums secured by this Contract, the State shall have the remedies of a secured party under the Uniform Commercial Code and, at the State's option, may also invoke the remedies herein provided.

The Contractor agrees to be responsible for the accountability, maintenance, management, and inventory of all property purchased totally or in part with funds provided under this Contract. The Contractor shall maintain a perpetual inventory system for all equipment purchased with funds provided under this Contract and shall submit an inventory control report which must include, at a minimum, the following:

- a. Description of the equipment;
- b. Manufacturer's serial number or other identification number, when applicable;
- c. Consecutive inventory equipment tag identification;
- d. Acquisition date, cost, and check number;
- e. Percentage of state funds applied to the purchase;
- f. Location within the Contractor's operations where the equipment is used;
- g. Condition of the property or disposition date if Contractor no longer has possession;
- h. Depreciation method, if applicable; and
- i. Monthly depreciation amount, if applicable.

The Contractor shall tag equipment with an identification number which is cross referenced to the equipment item on the inventory control report. The Contractor

shall inventory equipment annually. The Contractor must compare the results of the inventory with the inventory control report and investigate any differences. The Contractor must then adjust the inventory control report to reflect the results of the physical inventory and subsequent investigation.

The Contractor shall notify the State, in writing, of any equipment loss describing reason(s) for the loss. Should the equipment be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the *pro rata* amount of the residual value at the time of loss based upon the State's original contribution to the purchase price.

The Contractor shall submit its inventory control report of all equipment purchased with the final invoice submitted under this Contract. This inventory control report shall contain, at a minimum, the requirements specified above for inventory control.

Upon termination of the Contract, where a further contractual relationship is not entered into, or at another time during the term of the Contract, the Contractor shall request written approval from the State for any proposed disposition of equipment purchased pursuant to this Contract. All equipment shall be disposed of in such a manner as parties may agree from among alternatives approved by Tennessee Department of General Services and in accordance with any applicable federal laws or regulations.

E.13. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.14. Incorporation of Additional Documents. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, the following documents, hereby included in this Contract by reference, shall govern in order of precedence:

E.14.1 The Contract document and its attachments

E.14.2 All Clarifications and addenda made to the Contractor's Proposal

E.14.3 The Request for Proposal and its associated amendments

E.14.4 Technical Specifications provided to the Contractor

E.14.5 The Contractor's Proposal

- E.15. Workpapers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis workpapers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.
- E.16. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that: No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.
- E.17. Public Funding Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Contractor relative to this Contract shall include the statement, "This project is funded under an agreement with the State of Tennessee." Any such notices by the Contractor shall be approved by the State.
- E.18. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.19. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and

ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.20. Copyrights and Patents. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims or suits which may be brought against the State for infringement of any laws regarding patents or copyrights which may arise from the Contractor's performance of this Contract. In any such action brought against the State, the Contractor shall satisfy and indemnify the State for the amount of any final judgment for infringement. The Contractor further agrees it shall be liable for the reasonable fees of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State. The State shall give the Contractor written notice of any such claim or suit and full right and opportunity to conduct the Contractor's own defense thereof.
- E.21. Public Accountability. If this Contract involves the provision of services to citizens by the Contractor on behalf of the State, the Contractor agrees to establish a system through which recipients of services may present grievances about the operation of the service program, and the Contractor agrees to display a sign stating:
"NOTICE: This Contractor is a recipient of taxpayer funding. If you observe an employee engaging in any activity which you consider to be illegal or improper, please call the State Comptroller's toll free hotline: 1-800-232-5454"
Said sign shall be displayed in a prominent place, located near the passageway(s) through which the public passes to receive State funded services.

- E.22. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.
- E.23. Year 2000. Notwithstanding any provisions contained in the contract, the Contractor warrants that each hardware, commercial or custom software, firmware, and middleware product delivered under this contract ("delivered item") shall be able to accurately process date/time data (including, but not limited to, displaying, calculating, comparing and sequencing) from, into, and between the twentieth and twenty-first centuries, including leap year calculations, when used in accordance with the product documentation provided by the Contractor and subject to the following:
- a) In the case of hardware, commercial software, firmware, or middleware, the aforementioned warranty shall apply to the extent that information technology not provided pursuant to this contract, but used in combination with the delivered items, properly exchanges date/time data with it.
 - b) Notwithstanding the foregoing, in cases involving any development of new software or system(s) ("custom software"), the contractor further warrants that any contractor-provided data interfaces between delivered items and items or systems not provided pursuant to this contract shall accurately process date/time data, as defined above and further qualified by specific interface requirements; provided that the date/time data is accurate within the items or systems not provided.

In any case, if the contract requires that specific delivered items must perform as a system in accordance with the foregoing warranty, then that warranty shall apply to those delivered products as a system. Nothing in this warranty shall be construed to limit any rights or remedies the State may otherwise have under this contract with respect to defects other than year 2000 performance.

The remedies available to the State under this warranty shall include repair or replacement of any delivered product whose non-compliance is discovered and made known to the contractor in writing within the term of that delivered item's warranty, as expressed elsewhere in this agreement. The contractor shall proceed with repair or replacement immediately upon notification by the State of non-compliance, time being of the essence.

The State of Tennessee, at its sole option, may require the contractor, at any time, to demonstrate that procedures have been established to comply with all the obligations contained herein.

This Section shall constitute the exclusive warranty regarding the Year 2000 and is in lieu of all other Year 2000 warranties, whether express or implied, including the implied warranties of merchantability and fitness for a particular purpose.

- E.24. Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.
- E.25. HIPAA Compliance. The Contractor certifies that the system purchased under this agreement is compliant with all applicable Health Insurance Portability and Accountability Act (HIPAA) of 1996 (Public Law 104-191) requirements promulgated with a compliance date on or before the Replacement TCMIS implementation date. The Contractor further certifies that the Replacement TCMIS will be kept in compliance with new and modified HIPAA requirements within the time frame allotted by law to become compliant.

If the Contractor and the Replacement TCMIS does not fully meet the HIPAA federally required start dates for any of the Replacement TCMIS components, and a contract amendment delaying these start-up dates or a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for the lesser of 30% of the payment due the Contractor for both implementation phases or the actual costs incurred by the State pertaining to the State's lack of compliance with HIPAA. Except that, if the inability of the Contractor or the Replacement TCMIS to meet HIPAA federally required start dates is caused by negligence on the part of the State.

- E.26. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the

Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

- E.27. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.
- E.28. Insurance. Upon approval of the Contract by all appropriate State officials, the Contractor must provide a copy of a valid certificate of insurance, from an insurer licensed to do business in Tennessee, indicating general liability insurance in the amount of at least One Million Dollars (\$1,000,000).
- E.29. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:
- a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
 - b) have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c) are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
 - d) have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.
- E.30. Change Orders. The State may with written notice to the Contractor, request changes to work products within the general scope of the Contract. Requested

changes may include modifications to the functional requirements and processing procedures or other modifications specifically required by new or amended Federal or State laws and regulations. (However, any corrections of system deficiencies relating to requirements outlined in the RFP and any investigation necessary to determine the source of the problem will not be considered Change Orders and are the Contractor's responsibility to make without charge to the State. Refer to Warranty Period, Section E.32 of this Contract.)

- E.30.1. The written change order issued by the State shall specify whether the change is to be made on a certain date or placed into effect only after State approval of the Contractor costs statement as described in the following paragraph.
- E.30.2. As soon as possible after receipt of a written change order, but in no event more than fifteen (15) calendar days thereafter, the Contractor shall provide the State with a written statement that the change has no price impact on the Project, or that there is a price impact, in which case the statement shall include a description of the price increase or decrease involved in implementing the change. The cost or credit to the State resulting in a change in the work shall specify the total cost based on the number of staff-hours required to complete the change, times the corresponding hourly rate bid by the Contractor. It is assumed that the Contractor may price some change orders at a lesser total cost than that appearing in the written statement due to the nature of the change or the number of hours required to effect the change.
- E.31. Warranty Period. The Contractor shall be responsible for a Warranty Period for the duration of the Contract, beginning upon the State's written acceptance of the implementation of TCMIS in all Phase I and Phase II DDI. The start of the Warranty Period so defined shall be referred to as the "Warranty Period Begin Date." The Warranty shall apply to all Phase I DDI and Phase II DDI. All services provided pursuant to the Warranty shall be provided free-of-charge to the State. The State shall not compensate the Contractor for travel expenses related to the provision of services provided pursuant to the Warranty. This Warranty language will supercede any warranty language provided by the Uniform Computer Information Transactions Act (UCITA).
 - E.31.1. The Contractor must expressly warrant all hardware and software provided as a part of the TCMIS to be defect free, properly functioning, and compliant with the terms of the Contract and/or change order request.
 - E.31.2. The Contractor shall provide the State with a "Problem Report Line," a phone number to call to report system problems. This number shall be answered by a human being and will be available to the State on a twenty-four hours per day, seven days per week, and three hundred sixty-five days of the year ("24 X 7 X 365") basis. The State may call this number to report hardware problems, such as a broken printer, or software problems, such as a malfunctioning program. Contractor staff working this Problem Report Line shall have experience and knowledge sufficient to enable them to assist State

users in resolving problems by "talking them through" the solution while on the phone.

- E.31.3. The Contractor's responsibility with respect to Warranty shall be the correction of errors, defects, and/or design deficiencies in TCMIS software and the repair or replacement of defective hardware, software, or other components provided as a part of the overall TCMIS solution (collectively "deficiencies").
- E.31.4. Upon receiving a problem report, the Contractor will either: (1) resolve the problem over the phone using, if necessary, remote access (dial-up or other); or (2) dispatch Contractor personnel to the site, who shall take all necessary steps to repair or replace the malfunctioning hardware or software as quickly as possible. If the State deems the problem to be "non-critical," the Contractor shall resolve any deficiency within twenty-four (24) hours of notification by the State of the deficiencies; provided, however, that if the continued use of deficient elements of the TCMIS would cause damage to State system(s) or data associated therewith, or would otherwise seriously impair the ability of users of the system(s) to do their jobs, then the State shall deem the problem to be "critical." In the event of a critical problem, if the nature of the problem is such that the Contractor can resolve it with the user on the Problem Report line or via remote access (dial-up or other form), then the Contractor must resolve deficiencies within one (1) hour; however, if the Contractor must go on-site to resolve the problem, then the Contractor must resolve the deficiencies within four (4) hours. All deficiencies must be resolved within the stated time frames (either twenty-four, four, or one hour(s), depending upon the aforementioned circumstances) unless an extension is otherwise granted, in writing, by the State. The State will determine when any deficiencies have been resolved. The State may require Contractor personnel to work to resolve deficiencies twenty-four (24) hours a day, seven (7) days a week.
- E.31.5. If Contractor personnel determine that the problem is not the fault of Contractor-provided software or hardware, then the Contractor shall notify State support personnel immediately. If the State agrees that the problem is the fault of State-provided software or hardware, the State will resolve the problem. However, in this case, the State may require Contractor personnel to remain dedicated to the problem to perform any required joint functions until the problem is resolved.
- E.31.6. The Contractor also warrants that all "enhancements" to TCMIS resulting from Application Support requests shall be defect free, properly functioning, and compliant with the terms of the Contract and/or Enhancement request. This Warranty shall extend for three (3) months from the date the State approves the Enhancement in writing, or for the remainder of the aforementioned Contract duration Warranty Period, whichever is later. The

Contractor's responsibilities with regard to Enhancement warranties shall be the same as those for the accepted system, as described in this herein.

- E.31.7. If the Contractor fails to repair a deficiency or defect within the Warranty Period, the State may, at its option, act to repair and the Contractor shall be required to reimburse the State for all costs incurred.
- E.31.8. The Contractor will be the initial contact point for all Warranty notifications and support requests, regardless of the perceived source of the problem. The Contractor may elect to have phone or on-site Warranty repair or support services performed by subcontracted personnel; however, if this is the case, the Contractor shall be responsible for coordinating the effort, and the State shall not have to deal directly with the subcontractor.
- E.32. Federal Financial Participation (FFP) for the Replacement TCMIS
Section 1903(a) of Title XIX provides ninety percent (90%) FFP for development and seventy-five percent (75%) for operation of mechanized claims payment and information retrieval systems approved by Centers for Medicare and Medicaid Services (CMS).

The Contractor is responsible for all FFP penalties imposed on the State by CMS due to any action or inaction on the part of the Contractor that delays or results in denial of approval by CMS of the Replacement TCMIS.

Damage shall be assessed when incurred by the State if the Replacement TCMIS installed by the Contractor is not certified by CMS retroactive to the beginning date of Phase I operations. In addition, should decertification of the Replacement TCMIS, or any component part of it, occur prior to termination of the Contract or any subsequent extension thereof, the Contractor shall be liable for resulting damage to the State.

The Contractor is responsible for maintaining the Replacement TCMIS as well as the Contract operations to the standards required to pass any periodic System Performance Reviews (SPRs) conducted by CMS. The Contractor shall provide support to the Bureau of TennCare during the SPR process, including selection of samples, production of hard-copy documents, and gathering of other required data. The Contractor's staff shall assist Bureau of TennCare staff in responding to CMS inquiries. This level of support shall also be provided to all other State audit agencies or their designees.

E.33. Turnover Tasks

The Contractor shall complete all of the tasks and perform all of the services related to turnover set forth in the RFP in accordance with the State approved work plan, and shall ensure that all of the TCMIS turned over to the Bureau of TennCare or its designee conforms to the requirements set forth in this RFP.

In the event the Contractor fails to turnover to the State or its designee, in accordance with the State approved turnover plan, the TCMIS to all of the requirements set forth in the RFP, the Contractor shall be liable for all actual costs incurred by the State in converting and/or upgrading the deficient item(s) into the form/format necessary for use in the certified TCMIS and in the future amount of any costs the State incurs in securing the operation of a certified MMIS, until such time as the conversion is satisfactorily completed.

E.34. Correctness of Eligibility Information and Enrollment Processing

The Contractor shall ensure that all TennCare eligibility information and enrollment updates are processed correctly including the enrollment updates sent to the MCOs. The Contractor shall be liable for any overpayments or duplicate payments made as a result of any failure on the part of the Contractor to correctly process and maintain eligibility and enrollment information.


The Contractor shall be liable for the actual amount of any overpayments or duplicate payments as a result of any Contractor errors in processing TennCare enrollment updates. In addition, the Contractor shall be liable for any costs incurred by the Bureau of TennCare resulting from any payment errors (over or under) related to erroneous enrollment updates caused by the Contractor.

E.35. Contractor Limitation of Liability

The Contractor's liability on damages for negligence shall be limited to two times the maximum liability of this Contract, as stated in Section C.1.1. The limitation of liability as set forth in this section does not apply to liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct. The State will not indemnify the Contractor for damages caused by the Contractor's own actions or negligence, or those of third parties.

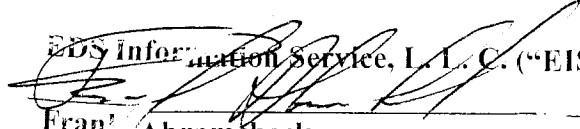
IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:


Frank Abramcheck

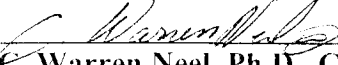
16 Feb 02
Date

EDS Information Service, L.L.C. ("EIS"):


Frank Abramcheck

16 Feb 02
Date

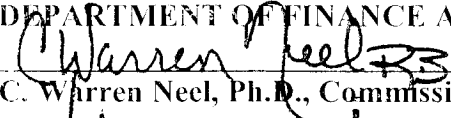
DEPARTMENT OF FINANCE AND ADMINISTRATION:


C. Warren Neel, Ph.D., Commissioner

9/10/02
Date

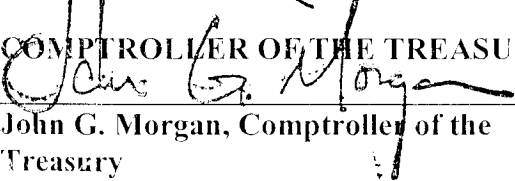
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


C. Warren Neel, Ph.D., Commissioner

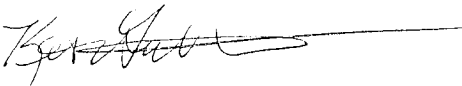
SEP 12 2002
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the
Treasury

9/16/02
Date

C O N T R A C T S U M M A R Y S H E E T

| | | | |
|--|---|--|---|
| RFS Number: 318.65-080 | | Contract Number: FA-03-15069-01 | |
| State Agency: Department of Finance and Administration | | Division: Bureau of TennCare | |
| Contractor | | Contractor Identification Number | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | X V- C- | 752548221 06 |
| Service Description | | | |
| Development, implementation and replacement TennCare Management Information System (TCMIS) | | | |
| Contract Begin Date | | Contract End Date | |
| 08/12/02 | | 06/30/07 | |
| Allotment Code | Cost Center | Object Code | Fund |
| 318.65 | 180 | 134 | 11 |
| | | Grant | Grant Code |
| | | X on STARS | |
| FY | State Funds | Federal Funds | Total Contract Amount (including ALL amendments) |
| 2003 | \$1,732,924.21 | \$15,596,317.85 | \$17,329,242.06 |
| 2004 | \$3,213,133.79 | \$9,639,401.37 | \$12,852,535.16 |
| 2005 | \$2,771,712.06 | \$8,315,136.18 | \$11,086,848.24 |
| 2006 | \$2,729,102.23 | \$8,187,306.68 | \$10,916,408.91 |
| 2007 | \$2,708,200.26 | \$8,109,600.79 | \$10,817,801.05 |
| Total: | \$13,155,072.55 | \$49,847,762.87 | \$63,002,835.42 |
| CFDA # | 93.778 | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Dean Daniel | Is the Contractor a VENDOR? (per OMB A-133) | |
| Address: | 729 Church Street | x | |
| Phone: | Nashville, TN (615) 532-1362 | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor on STARS? | |
|  | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractors Form W-9 Filed with Accounts? | |
| COMPLETE FOR ALL AMENDMENTS (only) | | Funding Certification | |
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | 06/30/07 | | |
| FY: 2003 | \$17,808,382.83 | - \$479,140.77 | |
| FY: 2004 | \$12,852,535.16 | | |
| FY: 2005 | \$11,086,848.24 | | |
| FY: 2006 | \$10,916,408.91 | | |
| FY: 2007 | \$10,817,801.05 | | |
| Total: | \$63,481,976.19 | - \$479,140.77 | |

**AMENDMENT NO 1
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU
AND
Electronic Data Systems Corporation and EDS Information Service, L. L. C.
("EIS")**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the Contractor is hereby amended as follows:

1. Delete Section A.3. in its entirety and insert the following in its place:

A.3. TCMIS Replacement Design, Development, and Implementation (DDI) Phase I. The Contractor shall design, develop, deliver, install, and implement, the following four major components of the Replacement TCMIS in Phase I. The four major components and a description of each component follows:

2. Delete Section A.3.1.1. in its entirety and insert the following in its place:

A.3.1.1. In Phase I basic demographic information, recipient name history, and address history will be available using Avaya Enterprise Manager (AEM). This will be provided using extract files from the legacy TCMIS. Interchange eligibility and enrollment is not available until Phase II.

3. Delete Section A.3.1.2. in its entirety and insert the following in its place:

A.3.1.2. In phase I, a single Benefit Plan based on a single rate table will be used. Rates will be calculated in the current TCMIS and compared to the calculated Oracle Premium rate. Discrepancies will be reported and resolved manually. Premium billing functions as defined in the RV sessions and consistent with the scope of the requirements listed in the RFP will be implemented.

In phase II, "flexibility" for determining rate structures will be implemented. Mass update capabilities triggered by the following types of events will be implemented in phase II:

- Retroactive Eligibility Updates
- Eligibility termination updates
- Retroactive adjustments to premium billing
- Retroactive adjustments to premium payments previously processed.

4. Delete Section A.3.2. in its entirety and insert the following in its place:

A.3.2. Imaging will be implemented in two phases as defined in the Requirement Validation sessions pursuant to the scope of the requirements listed in the RFP. Only those areas that support phase I deliverables will be implemented during phase I. The remainder will be implemented in phase II. The list of documents for each phase is being defined.

5. Delete Section A.3.3. in its entirety and insert the following in its place:

A.3.3. The Computerized Telephony System (CTS) will be implemented in phase I. Avaya Enterprise Manager will be implemented in Phase I using extract files to access recipient information.

The web, email, portal, and Automated Voice Response System (AVRS) functionality will be implemented in phase II.

6. Delete Section A.3.4. in its entirety and insert the following in its place:

A.3.4. Oracle Financials will be installed, configured and integrated with STARS in Phase I. Detailed premium billing information will be available. Summary financial information from the legacy TCMIS will be available from the STARS interface.

Integration with interchange financials will occur in Phase II, when the interchange financial subsystem is implemented. The detailed capitation information will remain in the interchange application and summary level information will be passed to the Oracle financial package.

7. Add the following to Section A. as A.4.4.11:

A.4.4.11. In phase II, Eligibility/Enrollment (See Contract Attachment D, Part 2.3). A Client Eligibility and Enrollment Data Repository will be implemented and will be the single source of eligibility data in the Replacement TCMIS. The repository will be used for all functions that require client eligibility information. All client eligibility information will be maintained in the repository. The repository will function to enroll and dis-enroll clients in Managed Care Contractor plans. This repository will also support the TennCare on-line Eligibility Verification System, an existing web browser function.

8. Delete Section C.1.1. in its entirety and insert the following in its place:

C.1.1. In no event shall the maximum liability of the State under this Contract exceed Sixty three million two thousand, eight hundred thirty-five dollars and forty-two cents (\$63,002,835.42) for professional services pursuant to this contract (id est., implementation phase I, implementation phase II, implementation phase III, and facilities manager services, and maintenance staffing). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

9. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Payment Methodology. Pass-Through Cost Payments—The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments—The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I and Phase II as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed project milestones for the amount stipulated.

| PHASE: | MILESTONE PAYMENT |
|--|------------------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (20% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (20% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (30% of the grand total for DDI milestone payments) | \$ 764,007.59 |
| DDI PHASE II: | |
| Design Kick-off Phase (10% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (10% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Construction Phase (20% of the grand total for DDI milestone payments) | \$ 3,440,638.77 |
| Acceptance Testing (20% of the grand total for DDI milestone payments) | \$ 3,440,638.77 |
| Implementation (30% of the grand total for DDI milestone payments) | \$ 5,160,958.15 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I and DDI Phase II (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,412,411.69 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for any of the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for costs incurred by the Bureau of TennCare to continue current operations. Additionally, the Contractor shall forfeit any claims to reimbursement of monthly Facilities Management Services payments for that month and each month thereafter until the Contract Administrator approves operational readiness.

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|---|--------------------------------------|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—9/30/2003 | \$ 260,000.00 |
| Facilities Manager Services (contract section A.5) 10/1/2003—6/30/2004 | \$ 8,682,811.43 |
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |

Modification and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order work based on the hourly rates below, in a total amount for each change request not to exceed the written estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE Start— 6/30/2003 | HOURLY RATE 7/1/2003— 6/30/2004 | HOURLY RATE 7/1/2004— 6/30/2005 | HOURLY RATE 7/1/2005— 6/30/2006 | HOURLY RATE 7/1/2006— 6/30/2007 |
|---|---------------------------------------|--|--|--|--|
| Senior Systems Analyst (10+ years) | \$ 87.28 | \$ 89.37 | \$ 91.52 | \$ 93.72 | \$ 95.97 |
| Systems Analyst (1-9 years) | \$ 84.63 | \$ 86.66 | \$ 88.74 | \$ 90.87 | \$ 93.05 |
| Programmer Analyst III (5+ years) | \$ 69.75 | \$ 71.42 | \$ 73.14 | \$ 74.89 | \$ 76.69 |
| Programmer Analyst II (2-4 years) | \$ 65.00 | \$ 66.56 | \$ 68.16 | \$ 69.79 | \$ 71.47 |
| Programmer Analyst I (0-1 years) | \$ 57.50 | \$ 58.88 | \$ 60.29 | \$ 61.74 | \$ 63.22 |
| Documentation Specialists | \$ 43.66 | \$ 44.71 | \$ 45.78 | \$ 46.88 | \$ 48.00 |

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|--------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniel's Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

10. Delete Section E.2. in its entirety and insert the following in its place:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid,

addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice. For purpose of communications provided herein, TennCare may designate a representative with the division of OIR, Department of Finance and Administration to act on its behalf and as its agent.

The State:

Commissioner, Bureau of TennCare
Department of Finance and Administration
729 Church Street
Nashville, TN 37247-6501
Telephone Number (615) 741-0213
Facsimile Number (615) 741-0882

The Contractor:

Electronic Data Systems Corporation
Greg Bryant
Project/Account Manager
729 Church Street
Nashville, TN 37243
615.255-8313, ext 110
615.254-3109

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the facsimile machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

10.a. For purposes of estimated completion dates Section B.6.1. of Attachment B is amended as follows:

a. B.6.1.b. shall be amended by replacing in the Task Description Chart the first row Begin Date of "08-12-02" with "09-16-02", by replacing in the second row the Begin Date of "04-01-03" with "04-15-03", by replacing in the third row the Begin Date of "07-01-02" with "09-16-02", by replacing in the fourth row the Begin Date of "04-01-03" with "04-16-03", by replacing in the sixth row the Begin Date of "01-01-04" with "04-01-04", by replacing in the sixth row the End Date of "03-31-04" with "06-30-04" so that as amended, the chart in B.6.1.b. reads as follows:

| Task Description | Begin Date | End Date |
|---|-------------------|-----------------|
| Phase I – Design, Development and Implementation | 09-16-02 | 3-31-03 |
| Begin Phase I operations, including Facilities Manager Services to support Phase I components | 04-15-03 | 06-30-07 |
| Phase II – Design, Development and Implementation | 09-16-02 | 09-30-03 |
| Test HIPAA transactions | 04-16-03 | 08-15-03 |
| Begin Phase II operations, including all Facilities Manager responsibilities | 10-01-03 | 06-30-07 |
| Complete Replacement TCMIS CMS certification review | 04-01-04 | 06-30-04 |

B.6.1. shall be amended by adding a new section “c” to read as follows:

- c. Nothing in this or any other amendment shall prevent the State from assessing liquidated damages, or from collecting other damages that may be available, in accordance with the timeframes that were established in the Contract prior to execution of any amendments (the “Original Contract”) should EDS fail to meet the timeframes set forth in the Contract as amended by Amendments 1 and 2 (the “Amended Contract”) in accordance with the terms and conditions of the Amended Contract. The State will continue to monitor and evaluate the Contractor’s performance in meeting the timeframes under the Amended Contract to determine whether the State will assess liquidated damages as provided in the Original Contract or otherwise. Amendments 1 and 2 to the Contract extend certain End Dates and move certain tasks to later phases. If, however, the Contractor fails to meet any End Date and any other due date under the Amended Contract, or otherwise fails to conform in all respects to the Amended Contract, then the Contractor shall be liable for the higher of liquidated and other damages that accrued or accrue under either the Original Contract or the Amended Contract, based on the original End Dates and other original due dates.

11. Delete Section B.7.2.b.3. of Attachment B in its entirety and insert the following in its place:

- B.7.2.b.3. Open, sort, and distribute all Bureau of TennCare mail beginning on October 1, 2003, and as subsequently received during the term of the contract. The Contractor shall be responsible for picking up, processing, and the distribution of mail collected from all P.O.

Boxes, which are used for client correspondence, claims, and adjustments, and Bureau of TennCare mail.

12. **Delete Section D.2.3.1. of Attachment D in its entirety and insert the following in its place:**

D.2.3.1. In Phase II, the eligibility and enrollment database will be accessed for all TCMIS transaction processing functions, (e.g., claims processing, enrollment processing, capitation, premium).

13. **Delete Section D.2.3.2. of Attachment D in its entirety and insert the following in its place:**

D.2.3.2. In Phase II, maintain a single eligibility and enrollment component that contains all member demographic data as specified by state and federal requirements; at a minimum, it must contain the minimum data set defined in Part 11 of CMS's State Medicaid manual. Data to be collected includes the client's: demographic information; eligible category or categories; family affiliations; LTC patient liabilities; eligibility date periods; prior authorization information; mental health assessment information, third party resources; utilization limit status; co-payment status; and restricted client information. Other data to be included within the single component are Medicare and HIPP eligibility and buy-in information; re-certification information; Managed Care Contractor enrollment; including PCP information and premium billing and payment history.

14. **Delete Section D.2.3.3. of Attachment D in its entirety and insert the following in its place:**

D.2.3.3. In Phase II, update eligibility data daily in appropriate date sequence as received from external eligibility sources (DOH, DHS, DCS, MR/MHDD and SSA).

It is understood that the State may not be in full X12 compliance at the beginning of Phase II, provision must be made for data translation.

If full X12 compliance is not achieved, at a minimum data content as sufficient for the TCMIS to remain HIPAA compliant will be required.

15. **Delete Section D.2.3.4. of Attachment D in its entirety and insert the following in its place:**

D.2.3.4. In Phase II, maintain current capabilities to create, update, and maintain an eligibility record.

16. **Delete Section D.2.3.5. of Attachment D in its entirety and insert the following in its place:**

D.2.3.5. In Phase II, support data extracts and on-line queries for eligibility data for re-certification and status verification by other state agencies.

17. **Delete Section D.2.3.6. of Attachment D in its entirety and insert the following in its place:**

D.2.3.6. In Phase II, update, maintain, and allow on-line access to historical day-specific Medicare Part A and Part B Buy-in information by client.

18. **Delete Section D.2.3.7. of Attachment D in its entirety and insert the following in its place:**

D.2.3.7. In Phase II, update, maintain, and allow on-line access to historical day-specific program category information by client.

19. **Delete Section D.2.3.8. of Attachment D in its entirety and insert the following in its place:**

D.2.3.8. In Phase II, update, maintain, and allow on-line access to historical special program eligibility information by member and by effective date.

20. **Delete Section D.2.3.9. of Attachment D in its entirety and insert the following in its place:**

D.2.3.9. In Phase II, update, maintain, and allow on-line access to historical day-specific enrollment in managed care plan information by client.

21. **Delete Section D.2.3.10. of Attachment D in its entirety and insert the following in its place:**

D.2.3.10. In Phase I, using AEM for the CTS components, previous name and address will be available for inquiry.

In Phase II, update, maintain and allow on-line access to historical name and address changes, including audit trail and effective date of change.

- 22. Delete Section D.2.3.11. of Attachment D in its entirety and insert the following in its place:**

D.2.3.11. In Phase II, accept information updates from clients and allow access to client eligibility information by the client through a secure Internet WEB access strategy. This requirement will be developed in cooperation with and approved by the Bureau of TennCare and the Department of Human Services.

- 23. Delete Section D.2.3.12. of Attachment D in its entirety and insert the following in its place:**

D.2.3.12. In Phase I, apply retroactive eligibility and eligibility termination updates and conduct retroactive adjustments to premium billing (manually in Phase I), and premium payments previously processed (manually in Phase I). Capitation payment processing will be supported in the legacy application during Phase I.

In Phase II, adjustments to capitation payments will be supported with the same functionality that exists today in the legacy application.

- 24. Delete Section D.2.3.13. of Attachment D in its entirety and insert the following in its place:**

D.2.3.13. In Phase II, support an eligibility status of “suspension” with an accompanying reason code; this status defines a client who remains eligible but whose eligibility is suspended for a period of time (as for incarcerated clients). In a suspension status, plan enrollment and capitation payments to plans are suspended

- 25. Delete Section D.2.3.14. of Attachment D in its entirety and insert the following in its place:**

D.2.3.14. In Phase II, accept managed care plan enrollment changes on-line in real time.

- 26. Delete Section D.2.3.15. of Attachment D in its entirety and insert the following in its place:**

D.2.3.15. In Phase II, maintain processes and client data necessary to support enrollee election or auto-assignment to managed care contractors applying Bureau of TennCare defined business rules.

27. **Delete Section D.2.3.16. of Attachment D in its entirety and insert the following in its place:**

D.2.3.16. In Phase II, generate periodic enrollment rosters to Managed Care Contractors as defined by the Bureau of TennCare business rules.

28. **Delete Section D.2.3.17. of Attachment D in its entirety and insert the following in its place:**

D.2.3.17. In Phase II, support and process mass enrollment/disenrollment of all or selected clients from or into managed care plans. Selection criteria must include eligibility category, special program participation, age, and sex, county of residence or other criteria defined by the Bureau of TennCare.

29. **Delete Section D.2.3.18. of Attachment D in its entirety and insert the following in its place:**

D.2.3.18. In Phase II, generate a client ballot process for the annual election of plan enrollment. Assure that only one ballot per household is produced. Support alternative balloting processes (e.g., Web balloting, phone selection)

30. **Delete Section D.2.3.19. of Attachment D in its entirety and insert the following in its place:**

D.2.3.19. In Phase II, accept enrollment of one individual within a family (Account) to a different managed care plan (e.g., the special needs child or DCS/SSI is enrolled in one MCC and the other family members are enrolled in another MCC).

31. **Delete Section D.2.3.20. of Attachment D in its entirety and insert the following in its place:**

D.2.3.20. In Phase II, accept multiple eligibility categories for a unique client identification number simultaneously with effective dates for each eligibility category. System logic shall coordinate a client's continued eligibility each time one eligibility effective date segment and/or category terminates, following the Bureau of TennCare business rules, and not terminate coverage until all eligibility periods and/or categories are terminated.

32. **Delete Section D.2.3.21. of Attachment D in its entirety and insert the following in its place:**

D.2.3.21. In Phase II, edit inputs of client demographic and eligibility information to ensure consistency and validity of information received through on-line data entry; maintain an audit trail of changes and support on-line viewing of change history.

33. **Delete Section D.2.3.22. of Attachment D in its entirety and insert the following in its place:**

D.2.3.22. In Phase II, identify client eligibility data through on-line access keys by effective date (e.g., client name, client ID number; client social security number; and national recipient identification number).

34. **Delete Section D.2.3.23. of Attachment D in its entirety and insert the following in its place:**

D.2.3.23. In Phase II, assign a single unique number and SSN to an individual, as specified by the State. Once a client number is assigned, that number shall be used for all information for that client regardless of enrollment and terminated eligibility activity.

35. **Delete Section D.2.3.24. of Attachment D in its entirety and insert the following in its place:**

D.2.3.24. In Phase II, associate the single unique number to prior client numbers and to an account history. This will link a client to dependents or spouse and be effective date driven. Clients may move from one account to another or become head-of household for a separate account.

36. **Delete Section D.2.3.25. of Attachment D in its entirety and insert the following in its place:**

D.2.3.25. In Phase II, associate all members within an account, DHS case to a case number, each member's case status, and identify and link mother, father, children and other relationships

37. **Delete Section D.2.3.26. of Attachment D in its entirety and insert the following in its place:**

D.2.3.26. In Phase II, accept newborn eligibility data, track, and report newborn clients on-line.

38. **Delete Section D.2.3.27. of Attachment D in its entirety and insert the following in its place:**

D.2.3.27. In Phase II, accept retroactive enrollment of newborns and enroll into the same MCC plan as their mothers.

39. **Delete Section D.2.3.28. of Attachment D in its entirety and insert the following in its place:**

- D.2.3.28. In Phase II, identify and maintain source information for all eligibility transactions (i.e. an audit trail that identifies the source of the eligibility information).
40. **Delete Section D.2.3.29. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.29. In Phase II, provide search capability for each client by ID number, name, short name, account/case number, date of birth, and SSN
41. **Delete Section D.2.3.30. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.30. In Phase II, identify multiple third party liability (TPL) coverage within the client database.
42. **Delete Section D.2.3.31. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.31. In Phase II, identify multiple eligibility categories for a single client within the client database, including QMB, Qualified Disabled Working Individual and Special Low Income Medicare Beneficiary (SLMB).
43. **Delete Section D.2.3.32. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.32. In Phase II, identify special needs clients within the client database, including but not limited to deafness, blindness, languages spoken, handicap, and other user defined special needs; support multiple occurrences of these indicators.
44. **Delete Section D.2.3.33. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.33. In Phase II, identify clients enrolled in special programs within the client database, including but not limited to long term care waiver, DCS case -management, Home and Community Based Services, and other programs by effective begin/end dates.
45. **Delete Section D.2.3.34. of Attachment D in its entirety and insert the following in its place:**

- D.2.3.34. In Phase II, screen access and information display technology must support business area information needs by grouping information and providing point and click access to source records. As an example, Eligibility and Enrollment screen information displays should include the following attributes:
46. **Delete Section D.2.3.34.a. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.34.a. In Phase I, limited information through AEM. The fields will include: Recipient ID Number, Recipient Social Security Number (SSN), Recipient Name, Recipient Date of Birth, Recipient Street Address (Line 1), Recipient Street Address (Line 2), Recipient Street Address (Line 3), Recipient City, Recipient State, Recipient Zip Code.
- In Phase II, interchange client demographic data will be implemented.
47. **Delete Section D.2.3.34.b. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.34.b. In Phase II, client historical eligibility segments by aid category or program code.
48. **Delete Section D.2.3.34.c. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.34.c. In Phase II, Long Term Care data (pre-admission evaluations and prior authorizations).
49. **Delete Section D.2.3.34.d. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.34.d. In Phase II, client TPL data.
50. **Delete Section D.2.3.34.e. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.34.e. In Phase II, Special Needs (SPMI/SED) and program identifiers.
51. **Delete Section D.2.3.34.f. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.f. In Phase II, benefit plan coverage.

52. **Delete Section D.2.3.34.g. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.g. In Phase II, managed care enrollment data, including PCP assignment.

53. **Delete Section D.2.3.34.h. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.h. In Phase II, client ID number associated to other family members covered under the same or different TennCare programs.

54. **Delete Section D.2.3.34.i. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.i. In Phase II, premium/cost-sharing billing and payment responsibility and effective date history.

55. **Delete Section D.2.3.34.j. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.j. In Phase II, Medicare Part A, Part B, and HIPP Buy-in date. HIPP will be postponed until it is defined.

56. **Delete Section D.2.3.34.k. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.k. In Phase II, aggregate copayment accumulation information from claims and encounter data.

57. **Delete Section D.2.3.34.l. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.l. In Phase II, free-format comments.

58. **Delete Section D.2.3.34.m. of Attachment D in its entirety and insert the following in its place:**

D.2.3.34.m. In Phase II, patient liability information.

59. **Delete Section D.2.3.35. of Attachment D in its entirety and insert the following in its place:**

D.2.3.35. In Phase II, edit inputs, including but not limited to those received from ACCENT, SSA, MHDD and TNKIDS, for completeness and consistency. Apply edit criteria established by the Bureau of TennCare and report and resolve client records that fail edits during processing.

60. **Delete Section D.2.3.36. of Attachment D in its entirety and insert the following in its place:**

D.2.3.36. In Phase II, edit overlapping eligibility records on inputs and determine the precedence for eligibility categories using The Bureau of TennCare business rules.

61. **Delete Section D.2.3.37. of Attachment D in its entirety and insert the following in its place:**

D.2.3.37. In Phase II, conduct periodic reconciliation of client demographic, financial, eligibility, and enrollment information between the client data repository, the ACCENT system, Managed Care Contractor systems and other sources of client eligibility and enrollment information.

62. **Delete Section D.2.3.38. of Attachment D in its entirety and insert the following in its place:**

D.2.3.38. In Phase II, generate and distribute client identification cards for user defined populations.

63. **Delete Section D.2.3.39. of Attachment D in its entirety and insert the following in its place:**

D.2.3.39. In Phase II, provide a process to suppress generation of, or produce, client eligibility identification cards by eligibility program code/category.

64. **Delete Section D.2.3.40. of Attachment D in its entirety and insert the following in its place:**

- D.2.3.40. In Phase II, generate an audit trail of all ID cards produced and all on-line real time updates made.
65. **Delete Section D.2.3.41. of Attachment D in its entirety and insert the following in its place:**
- D.2.3.41. In Phase II, identify the reason for and the date of the issuance of a client eligibility identification card.
66. **Delete Section D.2.4. of Attachment D in its entirety and insert the following in its place:**
- D.2.4. In Phase II, the Client Eligibility Data Repository shall accept all eligibility data, including, but not limited to the following inputs:
67. **Delete Section D.2.4.a of Attachment D in its entirety and insert the following in its place:**
- D.2.4.a. In Phase II, daily client eligibility data from the DHS ACCENT system.
68. **Delete Section D.2.4.b of Attachment D in its entirety and insert the following in its place:**
- D.2.4.b. In Phase II, daily client eligibility dates from SSA for the SSI populations.
69. **Delete Section D.2.4.c of Attachment D in its entirety and insert the following in its place:**
- D.2.4.c. In Phase II, daily client eligibility data from the DCS TNKIDS system.
70. **Delete Section D.2.4.d of Attachment D in its entirety and insert the following in its place:**
- D.2.4.d. In Phase II, monthly or quarterly Reconciliation file from ACCENT system and SSA.
71. **Delete Section D.2.4.e of Attachment D in its entirety and insert the**

following in its place:

D.2.4.e. In Phase II, daily and monthly Medicaid Benefits file from ACCENT system.

- 72. Delete Section D.2.4.f of Attachment D in its entirety and insert the following in its place:**

D.2.4.f. In Phase II, daily Medical Evaluation Unit Interim Benefits (MEU) file from ACCENT system.

- 73. Delete Section D.2.4.g of Attachment D in its entirety and insert the following in its place:**

D.2.4.g. In Phase II, daily 1610 Transaction file from DHS.

- 74. Delete Section D.2.4.h of Attachment D in its entirety and insert the following in its place:**

D.2.4.h. In Phase II, on-line Client changes, adds and updates.

- 75. Delete Section D.2.4.i of Attachment D in its entirety and insert the following in its place:**

D.2.4.i. In Phase II, death and Birth Certificate Information from DOH Vital Statistics.

- 76. Delete Section D.2.4.j of Attachment D in its entirety and insert the following in its place:**

D.2.4.j. In Phase II, eligibility from MHDD for Judicial, SPMI and SED programs.

- 77. Delete Section D.2.4.k of Attachment D in its entirety and insert the following in its place:**

D.2.4.k. In Phase II, pre-admission review and PASARR information for LTC.

78. **Delete Section D.2.4.l of Attachment D in its entirety and insert the following in its place:**

D.2.4.l. In Phase II, eligibility for HCBS waiver services.

79. **Delete Section D.2.4.m of Attachment D in its entirety and insert the following in its place:**

D.2.4.m. In Phase II, third-party resource information (TPL data).

80. **Delete Section D.2.4.n of Attachment D in its entirety and insert the following in its place:**

D.2.4.n. In Phase II, Primary Care Provider assignment information from Managed Care Contractors. (When Available)

81. **Delete Section D.2.4.o of Attachment D in its entirety and insert the following in its place:**

D.2.4.o. In Phase II, Medicare benefit criteria, including carrier information through the Beneficiary Data Exchange (BENDEX) with CMS.

82. **Delete Section D.2.4.p of Attachment D in its entirety and insert the following in its place:**

D.2.4.p. In Phase II, Medicare buy-in eligibility data via file exchange with CMS.

83. **Delete Section D.2.4.q of Attachment D in its entirety and insert the following in its place:**

D.2.4.q. In Phase II, all client financial liabilities.

84. **Delete Section D.2.4.r of Attachment D in its entirety and insert the following in its place:**

D.2.4.r. In Phase II, Service Utilization limits (used & remaining balance from claims and encounter function).

85. **Delete Section D.2.4.s of Attachment D in its entirety and insert the following in its place:**
- D.2.4.s. In Phase II, Benefits Schedule information adds, updates and changes.
86. **Delete Section D.2.5. of Attachment D in its entirety and insert the following in its place:**
- D.2.5. Outputs
In Phase II, with the exception of Premium Management information, the types of outputs that must be produced by the Client Eligibility and Enrollment component include, but are not limited to:
87. **Delete Section D.2.5.a of Attachment D in its entirety and insert the following in its place:**
- D.2.5.a. In Phase II, with the exception of Premium Management information, update error transaction reports.
88. **Delete Section D.2.5.b of Attachment D in its entirety and insert the following in its place:**
- D.2.5.b. In Phase II, with the exception of Premium Management information possible duplicate client list.
89. **Delete Section D.2.5.c of Attachment D in its entirety and insert the following in its place:**
- D.2.5.c. In Phase II, with the exception of Premium Management information, input transaction balancing files and reports.
90. **Delete Section D.2.5.d of Attachment D in its entirety and insert the following in its place:**
- D.2.5.d. In Phase II, with the exception of Premium Management information, rejected transaction files and reports.
91. **Delete Section D.2.5.e of Attachment D in its entirety and insert the following in its place:**

- D.2.5.e. In Phase II, with the exception of Premium Management information, Health Plan enrollment/dis-enrollment files and reports.
92. **Delete Section D.2.5.f of Attachment D in its entirety and insert the following in its place:**
- D.2.5.f. In Phase II, with the exception of Premium Management information, identification cards (new and replacement) (produce and mail).
93. **Delete Section D.2.5.g of Attachment D in its entirety and insert the following in its place:**
- D.2.5.g. In Phase II, with the exception of Premium Management information, all notices generated from eligibility and enrollment update transactions (produce and mail).
94. **Delete Section D.2.5.h of Attachment D in its entirety and insert the following in its place:**
- D.2.5.h. In Phase II, with the exception of Premium Management information, daily SSN file from The Bureau of TennCare to match to ACCENT.
95. **Delete Section D.2.5.i of Attachment D in its entirety and insert the following in its place:**
- D.2.5.i. In Phase II, with the exception of Premium Management information, buy-in (State to SSA) Medicare eligibility data.
96. **Delete Section D.2.5.j of Attachment D in its entirety and insert the following in its place:**
- D.2.5.j. In Phase II, with the exception of Premium Management information, data extracts for re-certification processes, if required.
97. **Delete Section D.2.5.k of Attachment D in its entirety and insert the following in its place:**
- D.2.5.k. In Phase II, with the exception of Premium Management information, daily file of SSNs to SSA for verification.
98. **Delete Section D.2.5.l of Attachment D in its entirety and insert the following in its place:**

D.2.5.l. In Phase II, with the exception of Premium Management information, eligibility response file to ACCENT

99. Delete Section D.2.5.m of Attachment D in its entirety and insert the following in its place:

D.2.5.m. In Phase II, with the exception of Premium Management information, file of 'matched' and 'unmatched' clients to DCS

100. Delete Section D.2.5.n of Attachment D in its entirety and insert the following in its place:

D.2.5.n. In Phase II, with the exception of Premium Management information, other reports as required by the Bureau of TennCare

101. Delete Section D.7.8.1. of Attachment D in its entirety and insert the following in its place:

D.7.8.1. In addition to the TCMIS accounting and financial management requirements listed below, the Bureau of TennCare requires an Accounting and Financial Management Application software package which includes general ledger, accounts payable, and accounts receivable components, be proposed and installed by the Contractor. This application shall be installed and configured to support and automate the business processes of the Accounting and Finance unit. The Contractor shall interface and integrate this application with the related TCMIS and STARS functions. The replacement system shall support current and new Bureau of TennCare accounting and financial management processes.

In Phase I, the completeness of the financial information contained within the TCMIS accounting and financial management application is limited to the information associated with the components delivered in Phase I. Functionality not present until Phase II include:

- Fee for Service Claims
- Adjustments (and associated functionality)

102. Delete Section D.7.8.2. of Attachment D in its entirety and insert the following in its place:

D.7.8.2. In Phase II, Establish and maintain the ability to have multiple premium rate tables by aid category, county or geographic area, family size, and income level based upon effective date criteria.

This flexibility allows for changes to the data elements used in the premium calculations and methodologies.

- 103. Delete Section D.7.8.3. of Attachment D in its entirety and insert the following in its place:**

D.7.8.3. In Phase I, Calculate initial and monthly premiums for specified eligibility categories and/or benefit programs, based on the client's eligibility category, family size, income, and the income percent of the Federal Poverty Level for the client.

The vendor will compare the premium calculated in the new system to the legacy premium, generating an error listing for any mismatches for use in the time period between Phase I and Phase II. Between Phase I & II the vendor will be responsible for identifying root causes for premium discrepancies and associated resolution, also allowing for a manual premium override.

- 104. Delete Section D.7.8.4. of Attachment D in its entirety and insert the following in its place:**

D.7.8.4. In Phase I, generate "past due" premium notices and "pending termination" notices at variable intervals. These intervals must be flexible, updateable, and changeable.

- 105. Delete Section D.7.8.5. of Attachment D in its entirety and insert the following in its place:**

D.7.8.5. In Phase I, maintain variable premium payment plans to accommodate client payment of past due amounts (e.g., a percent of past due amounts, prorated fixed amounts and partial payments), identify clients on payment plans, and provide a mechanism to pre-set termination effective dates if payment is not received.

- 106. Delete Section D.7.8.6. of Attachment D in its entirety and insert the following in its place:**

D.7.8.6. In Phase I, select, validate, and apply the correct premium rate to each monthly premium statement.

- 107. Delete Section D.7.8.7. of Attachment D in its entirety and insert the following in its place:**

D.7.8.7. In Phase I, cease billing member premiums through an on-line demand by Finance. This feature must support cease billing member premiums for specific time periods related to the period of time covered by bankruptcy or appeals.

- 108. Delete Section D.7.8.8. of Attachment D in its entirety and insert the following in its place:**

D.7.8.8. In Phase II, provide the capability to establish capitated risk and incentive pools for Managed Care Contractors. The risk pools may be used to generate incentive payments for cost effective contractors.

- 109. Delete Section D.7.8.9. of Attachment D in its entirety and insert the following in its place:**

D.7.8.9. In Phase II, maintain a pharmacy formulary and be able to calculate drug rebates for those categories within the State risk pool (e.g., dual eligible population).

- 110. Delete Section D.7.8.10. of Attachment D in its entirety and insert the following in its place:**

D.7.8.10. In Phase II, maintain a database of capitation information.

- 111. Delete Section D.7.8.11. of Attachment D in its entirety and insert the following in its place:**

D.7.8.11. In Phase II, maintain the capitation rate payment history, including initial payments, retroactive adjustments, and associated rate files.

- 112. Delete Section D.7.8.12. of Attachment D in its entirety and insert the following in its place:**

D.7.8.12. In Phase II, maintain data available for calculation of capitation to MCOs/BHOs .

- 113. Delete Section D.7.8.13. of Attachment D in its entirety and insert the following in its place:**

D.7.8.13. In Phase II, maintain a complete capitation rate change history with effective date processing.

- 114. Delete Section D.7.8.14. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.14. In Phase II, maintain multiple capitation rate calculation methodologies including full risk, partial risk; carve outs, specialty care capitation methods, per-diem rate methods, and primary and specialty capitation rate payment methods.
- 115. Delete Section D.7.8.15. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.15. In Phase II, maintain multiple capitation rate pro-ration methodologies including daily, weekly, semi-monthly, and monthly rate payment segments. In addition, the system must support a method to pay or not pay a whole month rate when a client is enrolled before or after a certain date of the month or change in eligibility categories because of age.
- 116. Delete Section D.7.8.16. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.16. In Phase II, calculate capitation rate specific to each Managed Care Contractor within associated beginning and ending dates of the period, eligibility category and rate cells valid during the period.
- 117. Delete Section D.7.8.17. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.17. In Phase II, track and report capitation payments with payment dates on file.
- 118. Delete Section D.7.8.18. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.18. In Phase II, allow query access to the MCOs/BHOs capitation data files to view the capitation payment amount and any adjustments that have been made to this rate, the reason for the adjustment, and the date of the adjustment for analysis and reporting purposes.
- 119. Delete Section D.7.8.19. of Attachment D in its entirety and insert the following in its place:**

D.7.8.19. In Phase II, calculate capitation rates for each benefits schedule within a single Managed Care Contractor. The Bureau of TennCare intends to contract for multiple benefit packages from a single Managed Care Contractor. The rate paid for each package will vary with the eligibility category of the enrollee.

120. Delete Section D.7.8.20. of Attachment D in its entirety and insert the following in its place:

D.7.8.20. In Phase II, allow the same contractor and/or provider to be paid both capitation and fee for service concurrently for different enrollees, clients, and services (Specific benefits may not be covered under a capitation benefit package but are covered under a fee-for-service agreement for the same client).

121. Delete Section D.7.8.21. of Attachment D in its entirety and insert the following in its place:

D.7.8.21. In Phase II, generate and apply adjustments to past capitation payments based on retroactive adjustments to client eligibility, client enrollment periods, changes in eligibility categories that affect rates paid, changes in rate categories, contracted rate changes, and enrollee death or retroactive termination from enrollment. The adjustments generated must be incorporated into the payment and disbursement adjustment process and remittance advice.

122. Delete Section D.7.8.22. of Attachment D in its entirety and insert the following in its place:

D.7.8.22. In Phase II, contain extensive table driven algorithms for allocating payments to fund types supporting the ability to assign all payments to state and federal chart of accounts categories and account numbers.

123. Delete Section D.7.8.23. of Attachment D in its entirety and insert the following in its place:

D.7.8.23. In Phase I, interchange Oracle financials will send and receive financial transactions, receive information files, (as defined by the State) budget, expenditure, and reconciliation information files on a schedule approved by the state.

In Phase I, summary claims information will be received from STARS based upon input from the legacy system. Also Premium billing information and misc. invoice transactions will be sent to STARS

In Phase II, detailed claims information will be available in the interchange financial system.

124. Delete Section D.7.8.24. of Attachment D in its entirety and insert the following in its place:

D.7.8.24. In Phase I, post adjustments (write-offs) and identify the reason and source for the adjustment.

125. Delete Section D.7.8.25. of Attachment D in its entirety and insert the following in its place:

D.7.8.25. In Phase II, identify and track the Bureau of TennCare providers who are in the process of bankruptcy and identify the type of bankruptcy (Chapter 7, 11, or 13).

126. Delete Section D.7.8.26. of Attachment D in its entirety and insert the following in its place:

D.7.8.26. In Phase II, suspend billing for provider recoupments in process and cease making payments to providers.

127. Delete Section D.7.8.27. of Attachment D in its entirety and insert the following in its place:

D.7.8.27. In Phase II, calculate drug rebates and file electronic claims for rebates through electronic media.

128. Delete Section D.7.8.28. of Attachment D in its entirety and insert the following in its place:

D.7.8.28. Track and report drug rebate receivables month-to-month (aged accounts receivables). In Phase I the input of the receivable is manual, in Phase II it is an automated feed.

129. Delete Section D.7.8.29. of Attachment D in its entirety and insert the following in its place:

- D.7.8.29. In Phase I, track and transmit drug rebate receivables to STARS, if it is manually keyed (per D.7.8.28)
130. **Delete Section D.7.8.30. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.30. In Phase I, adjust rebate rates and post previous period voids and adjustments, if it is manually keyed (per D.7.8.28)
131. **Delete Section D.7.8.31. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.31. In Phase I, calculate interest rates for late drug rebate receivables, if it is manually keyed (per D.7.8.28)
132. **Delete Section D.7.8.32. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.32. In Phase I, generate a second invoice, store the invoices, and make the invoices available for on-line viewing, if it is manually keyed (per D.7.8.28)
133. **Delete Section D.7.8.33. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.33. In Phase I, generate a log for the purpose of tracking expenditures.
134. **Delete Section D.7.8.34. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.34. In Phase I, Oracle Financials will send transactions initiated in Oracle to STARS for payment.
- In Phase II, payment requests initiated in interchange will be sent through Oracle Financials to STARS for payment.
135. **Delete Section D.7.8.35. of Attachment D in its entirety and insert the following in its place:**
- D.7.8.35. In Phase I, Oracle initiated payment requests will be balanced and reconciled via the STARS payment processing interface.

In Phase II, payment requests initiated in interchange will be sent through Oracle Financials to STARS for payment

- 136. Delete Section D.7.8.36. of Attachment D in its entirety and insert the following in its place:**

D.7.8.36. In Phase I, actions required in Oracle Financials based on an FCR can be completed

In Phase II, actions required in interchange based on an FCR will be completed

- 137. Delete Section D.7.8.37. of Attachment D in its entirety and insert the following in its place:**

D.7.8.37. Maintain financial audit and control capabilities.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 138. Delete Section D.7.8.38. of Attachment D in its entirety and insert the following in its place:**

D.7.8.38. In Phase II, generate payment for deceased members through the end of the month even when the member dies during the month for clients in the PACE program.

- 139. Delete Section D.7.8.39. of Attachment D in its entirety and insert the following in its place:**

D.7.8.39. Track and report all record change events and maintain an audit trail. This audit trail must be viewable on-line by approved users.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 140. Delete Section D.7.8.40. of Attachment D in its entirety and insert the following in its place:**

D.7.8.40. Display an unlimited number of event occurrence changes in date order on-line.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 141. Delete Section D.7.8.41. of Attachment D in its entirety and insert the following in its place:**

D.7.8.41. Process and post partial payments, overpayments to the appropriate records.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 142. Delete Section D.7.8.42. of Attachment D in its entirety and insert the following in its place:**

D.7.8.42. In Phase I, provide basic financial and accounting functions and reporting capabilities.

- 143. Delete Section D.7.8.43. of Attachment D in its entirety and insert the following in its place:**

D.7.8.43. In Phase II, recognize retroactive and current changes made to the eligibility file that would affect capitation adjustments

- 144. Delete Section D.7.8.44. of Attachment D in its entirety and insert the following in its place:**

D.7.8.44. In Phase II, generate quality control management reports to support capitation cycle integrity and error detection with balancing features.

- 145. Delete Section D.7.8.45. of Attachment D in its entirety and insert the following in its place:**

D.7.8.45. In Phase II, record liquidated damages for MCOs/BHOs, carry the reason code on the record and calculate and post adjustments immediately.

- 146. Delete Section D.7.8.46. of Attachment D in its entirety and insert the following in its place:**

- D.7.8.46. Generate provider and client payments through ACH funds transfers sent through the STARS system.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 147. Delete Section D.7.8.47. of Attachment D in its entirety and insert the following in its place:**

- D.7.8.47. Generate payment of insurance premiums for “buy -in” of both private employer sponsored insurance programs and Medicare.

Buy-in will be available in Phase II. HIPP will be available at a later date.

- 148. Delete Section D.7.8.48. of Attachment D in its entirety and insert the following in its place:**

- D.7.8.48. Generate disbursement transactions through STARS to support electronic funds transfer (EFT) to banks, contractors, government agencies, insurance companies, clients, providers, and business partners within the guidelines established by the Tennessee Department of Finance and Administration.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 149. Delete Section D.7.8.49. of Attachment D in its entirety and insert the following in its place:**

- D.7.8.49. Identify the voluntary election of EFT by the payee and schedule EFT transfer.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 150. Delete Section D.7.8.50. of Attachment D in its entirety and insert the following in its place:**

- D.7.8.50. Generate indirect payments for health care coverage provided for Bureau of TennCare clients by other public agencies and private insurance companies.

In Phase I, miscellaneous payments will be entered directly into Oracle.

- 151. Delete Section D.7.8.51. of Attachment D in its entirety and insert the following in its place:**

D.7.8.51. Maintain and fully support a Health Insurance Premium Payment (HIPP) program.

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined.

- 152. Delete Section D.7.8.52. of Attachment D in its entirety and insert the following in its place:**

D.7.8.52. Identify status and effective dates for all dependents within a specific case (account), for the HIPP program.

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined

- 153. Delete Section D.7.8.53. of Attachment D in its entirety and insert the following in its place:**

D.7.8.53. Create a HIPP account and identify dependents on the case with effective and ending dates, along with an active and canceled status. These dependents may be Medicaid or non-Medicaid clients. The system must have the capability at the account level for the Bureau of TennCare to determine the number of dependents on the account. The system must maintain up-to-date dependent information from all input sources.

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined

- 154. Delete Section D.7.8.54. of Attachment D in its entirety and insert the following in its place:**

D.7.8.54. Provide a comment area for the Bureau of TennCare users to enter information related to the HIPP case and associated research

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined

- 155. Delete Section D.7.8.55. of Attachment D in its entirety and insert the following in its place:**

D.7.8.55. Automatically generate standard cancel letters and payment letters for HIPP cases. The system must also provide the capability to produce Bureau of TennCare HIPP letters to be generated to specific HIPP cases and clients and print the Bureau of TennCare clerks ID, or name on letters and return envelopes.

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined

- 156. Delete Section D.7.8.56. of Attachment D in its entirety and insert the following in its place:**

D.7.8.56. Identify and associate a beginning and ending date for each HIPP premium rate.

HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined

- 157. Delete Section D.7.9.a. of Attachment D in its entirety and insert the following in its place:**

D.7.9.a. In Phase II, adjudicated claims from the claims processing system.

- 158. Delete Section D.7.9.b. of Attachment D in its entirety and insert the following in its place:**

D.7.9.b. In Phase II, adjudicated capitation payments from the capitation processing cycles.

- 159. Delete Section D.7.9.c. of Attachment D in its entirety and insert the following in its place:**

D.7.9.c. In Phase I, fees (other than MCCs) will be entered into Oracle. In Phase II, claims and capitation can be entered .

160. **Delete Section D.7.9.d. of Attachment D in its entirety and insert the following in its place:**

D.7.9.d. In Phase I, certain types of transactions, such as refunds to recipients, will be initiated in Oracle Financials.

In Phase II, transactions related to interChange processing will be available, when interChange Financial is implemented.

161. **Delete Section D.7.9.e. of Attachment D in its entirety and insert the following in its place:**

D.7.9.e. In Phase II, encounter data processing batch status (Accepted, Not Accepted).

162. **Delete Section D.7.9.f. of Attachment D in its entirety and insert the following in its place:**

D.7.9.f. Bankruptcy filing notices and final actions by Bankruptcy Court.

If recipient related this is Phase I, if provider related it is Phase II.

163. **Delete Section D.7.9.g. of Attachment D in its entirety and insert the following in its place:**

D.7.9.g. In Phase I, bank "lock box" containing premium payments from TennCare waived eligibles.

164. **Delete Section D.7.10.a. of Attachment D in its entirety and insert the following in its place:**

D.7.10.a. In Phase II, reports of claims paid under both Medicaid and non - Medicaid funded Programs.

165. **Delete Section D.7.10.b. of Attachment D in its entirety and insert the following in its place:**

D.7.10.b. General Ledger, balance sheet, reconciliation, prepayment and check registers, AR/AP reports, and accounting balance control reports.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 166. Delete Section D.7.10.c. of Attachment D in its entirety and insert the following in its place:**

D.7.10.c. Accounting reconciliation reports.

This will be available for the Oracle components in Phase I,
remaining functions in Phase II.

- 167. Delete Section D.7.10.d. of Attachment D in its entirety and insert the following in its place:**

D.7.10.d. In Phase II, CMS-37 report worksheets (hard copy and media reformatted to AP/AR file format).

- 168. Delete Section D.7.10.e. of Attachment D in its entirety and insert the following in its place:**

D.7.10.e. In Phase II, CMS -21 report.

- 169. Delete Section D.7.10.f. of Attachment D in its entirety and insert the following in its place:**

D.7.10.f. In Phase II, CMS-64 report worksheets (hard copy and media reformatted to AP/AR Report format).

- 170. Delete Section D.7.10.g. of Attachment D in its entirety and insert the following in its place:**

D.7.10.g. Accounts receivable collection activity reports.

This will be available for the Oracle components in Phase I,
remaining functions in Phase II.

- 171. Delete Section D.7.10.h. of Attachment D in its entirety and insert the following in its place:**

D.7.10.h. Cash receipts and returned funds reports

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 172. Delete Section D.7.10.i. of Attachment D in its entirety and insert the following in its place:**

D.7.10.i. STARS payment reports.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 173. Delete Section D.7.10.j. of Attachment D in its entirety and insert the following in its place:**

D.7.10.j. In Phase II, retroactive rate adjustments summary.

- 174. Delete Section D.7.10.k. of Attachment D in its entirety and insert the following in its place:**

D.7.10.k. Reports that segregate and identify claim-specific and non-claim-specific adjustments by type of transaction (payout, recoupment, or refund) and contractor, provider, and client.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 175. Delete Section D.7.10.l. of Attachment D in its entirety and insert the following in its place:**

D.7.10.l. STARS Electronic Funds Transfer reports.

This will be available for the Oracle components in Phase I, remaining functions in Phase II.

- 176. Delete Section D.7.10.m. of Attachment D in its entirety and insert the following in its place:**

- D.7.10.m. In Phase II, remittance statements, both paper and electronic
- 177. Delete Section D.7.10.n. of Attachment D in its entirety and insert the following in its place:**
- D.7.10.n. In Phase II, annual 1099 reports in conformance with IRS requirements and regulations in paper and electronic formats. (The State intends to transfer this function to the Department of Finance and Administration, however it will be necessary to transition this function for an interim period).
- 178. Delete Section D.7.10.o. of Attachment D in its entirety and insert the following in its place:**
- D.7.10.o. In Phase II, Medicare Buy-In request for submission to the Social Security Administration.
- 179. Delete Section D.7.10.p. of Attachment D in its entirety and insert the following in its place:**
- D.7.10.p. In Phase II, CMS 2082 (MSIS) report
- 180. Delete Section D.7.10.q. of Attachment D in its entirety and insert the following in its place:**
- D.7.10.q. In Phase I, premium collection control reports.
- 181. Delete Section D.7.10.r. of Attachment D in its entirety and insert the following in its place:**
- D.7.10.r. HIPP payment transactions payable via the STARS system.
- HIPP needs additional definition. HIPP will be scheduled to be implemented once it is defined
- 182. Delete Section D.14.3.1.1. of Attachment D in its entirety and insert the following in its place:**

- D.14.3.1.1. Proposers are requested to propose a CTS solution (hardware, software and all peripherals) to meet the business objectives of the Bureau of TennCare. The CTS hardware and software configuration must be compatible and integratable with the Replacement TCMIS business solution, be a proven technology, be scalable, and include at a minimum, the following functional features:

In Phase I, this functionality will be supplied through the use of extract files from the legacy application that will be downloaded to the CTS system.

- 183. Delete Section D.14.3.1.1.a. of Attachment D in its entirety and insert the following in its place:**

D.14.3.11.a. In Phase I, caller input of information via voice or push button phone that is indexed to the Replacement TCMIS client record of the caller prior to connecting the caller to a customer service representative.

- 184. Delete Section D.14.3.1.1.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.b. In Phase I, route calls to user defined work groups and locations based on user defined routing criteria to include type of call.

- 185. Delete Section D.14.3.1.1.c. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.c. In Phase I, record time in waiting for individual calls and produce a report on average speed of answering for all call types each business day.

- 186. Delete Section D.14.3.1.1.d. of Attachment D in its entirety and insert the following in its place:**

- D.14.3.1.1.d. In Phase I, access and display a client call history and the client record to the receiving customer service representative.
187. **Delete Section D.14.3.1.1.e. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.1.e. In Phase I, automate recording the call date, time, and receiving operator ID in the call history application.
188. **Delete Section D.14.3.1.1.f. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.1.f. In Phase I, identify user defined call “types” to determine the category of call.
189. **Delete Section D.14.3.1.1.g. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.1.g. In Phase I, record the call and index the recording number to the call history.
190. **Delete Section D.14.3.1.1.h. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.1.h. In Phase I, provide the capability to forward calls for supervisor intervention and monitor response time to guarantee a timely response.
191. **Delete Section D.14.3.1.1.i. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.1.i. In Phase I, provide call management user and supervisor “alerts” for active call management alerting, for “time in waiting”, and “response deadline approaching”.
192. **Delete Section D.14.3.1.1.j. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.j. In Phase I, report a full range of call history statistics (hourly, daily, weekly and summary views)

193. **Delete Section D.14.3.1.1.k. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.k. In Phase I, accept voice mail and fax input transmissions and forward to designated CSRs for timely handling and response.

194. **Delete Section D.14.3.1.1.l. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.l. In Phase I, fault monitoring and exception handling.

195. **Delete Section D.14.3.1.1.m. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.m. In Phase I, taping of all calls for later listening and adjudication.

196. **Delete Section D.14.3.1.1.n. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.n. In Phase I, supervisor monitoring capabilities to include:

197. **Delete Section D.14.3.1.1.n.1. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.n.1. In Phase I, listen to telephone call and view the customer service representative screen simultaneously with the CSR

198. **Delete Section D.14.3.1.1.n.2. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.1.n.2. In Phase I, automated routing of calls to management

199. Delete Section D.14.3.1.1.n.3. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.n.3. In Phase I, 3rd party call routing
200. Delete Section D.14.3.1.1.n.4. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.n.4. In Phase I, silent screen monitoring
201. Delete Section D.14.3.1.1.n.o. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.n.o. In Phase I, traditional call processing.
202. Delete Section D.14.3.1.1.n.p. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.n.p. In Phase I, multimedia ACD with skills -based routing.
203. Delete Section D.14.3.1.1.n.q. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.n.q. In Phase I, voice mail. In Phase II email and Unified Messaging.
204. Delete Section D.14.3.1.1.r. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.r. In Phase II, Interactive Voice Response (IVR) w/faxback capability.
205. Delete Section D.14.3.1.1.s. of Attachment D in its entirety and insert the following in its place:
- D.14.3.1.1.s. In Phase II, Web portal access.

206. Delete Section D.14.3.1.1.t. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.t. In Phase I, the data for the screens will be through the use of downloaded extracts of the legacy data.

207. Delete Section D.14.3.1.1.u. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.u. In Phase I, agent call monitoring & recording with call management and reporting.

208. Delete Section D.14.3.1.1.v. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.v. In Phase I, predictive dialing w/campaign management.

209. Delete Section D.14.3.1.1.w. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.w. In Phase I, speech recognition & voice authentication---Nuance or equivalent.

210. Delete Section D.14.3.1.1.x. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.x. In Phase I, soft phone capability with hard phone backup.

211. Delete Section D.14.3.1.1.y. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1.y. In Phase II, email and web FAQ available 24/7/365.

212. Delete Section D.14.3.1.2.a. of Attachment D in its entirety and insert the following in its place:

D.14.3.1.2.a. In Phase I, track volumes of calls and wait time of the incoming calls. (e.g., 80% of all calls to be answered within 30 seconds).

213. **Delete Section D.14.3.1.2.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.2.b. In Phase I, time average the total time the caller spends in the pend queue after being distributed via the Automated Call Distribution software (e.g., 15 seconds average time callers spend in a pend queue).

214. **Delete Section D.14.3.1.2.c. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.2.c. In Phase I, calculate the call adjudication time (e.g., after call is answered, the average time to process and adjudicate the call shall be 5 minutes).

215. **Delete Section D.14.3.1.2.d. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.2.d. In Phase I, calculate and report call abandonment rates in predetermined time intervals.

216. **Delete Section D.14.3.1.2.e. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.2.e. In Phase I, calculate the average number of calls handled by a Customer Service Representative during a predefined time period (e.g., 100 calls per day).

217. **Delete Section D.14.3.1.3. of Attachment D in its entirety and insert the following in its place:**

D.14.3.1.3. Hardware and Software Standards and Growth.

In Phase I, the CTS hardware shall be compliant with the State of Tennessee Information Systems Standard Hardware and Software.

The CTS solution shall be designed to incorporate and follow the ECTF Framework for CT services.

218. **Delete Section D.14.3.1.3.a. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.3.a. In Phase I, application interoperability (A.001, A.100, A.130)
219. **Delete Section D.14.3.1.3.b. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.3.b. In Phase I, Call Control (C.001, C.100)
220. **Delete Section D.14.3.1.3.c. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.3.c. In Phase I, Hardware (H.100, H.110)
221. **Delete Section D.14.3.1.3.d. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.3.d. In Phase I, Administration (M.001, H.100, M.500)
222. **Delete Section D.14.3.1.3.e. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.1.3.e. In Phase I, Media Services (S.100, S.200, S.300, S.410)
223. **Delete Section D.14.3.3. of Attachment D in its entirety and insert the following in its place:**
- D.14.3.3. In Phase I, the documents listed in the RFP and defined in the RVS for Phase I will be captured into the electronic repository. They will also be indexed accordingly by the facilities manager. The remaining RFP required documents will be imaged in Phase II.

- 224. Delete Section D.14.3.3.1.a. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.1.a. Rapid and Flexible Integration - It is the Bureau of TennCare's intention to integrate document imaging and workflow with the Replacement TCMIS procured under this RFP. Because the design, development and implementation of the Replacement TCMIS is phased, Proposers must install and operate this component by indexing correspondence to client records and delivering the images to designated workstations in advance of integration to the Replacement TCMIS information system. The system proposed must have the proven capability to quickly and cost - effectively integrate with the Proposer's TCMIS application. It is anticipated that certain documents will have been scanned via the Pro-Law application (the interim appeals management system referenced at Contract Attachment D, Part 14.1.2) The imaging system shall provide support for the scanned legacy documents and day-forward conversion of new documents from this application.

- 225. Delete Section D.14.3.3.1.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.1.b. In Phase I, Scalability - The proposed solution must have a demonstrated track record of servicing functional requirements across functional departments and integration via LAN/WEB technology. The solution must also have a demonstrated track record of scalability to meet growth in user requirements that may be identified in the various workflow processes that are redefined as a result of this application and procurement. Workflow process re-definition is expected to result in additional efficiencies through this applications expanded use.

- 226. Delete Section D.14.3.3.1.c. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.1.c. In Phase I, subject to review of the EDS requested PCR
Non-Proprietary - The Bureau of TennCare understands the difference between the proprietary way in which a solution accomplishes a particular functional requirement versus how the solution stores documents. The Bureau of TennCare will not deploy a system that uses any proprietary components that formats

will cause immediate rejection of the proposed solution. The system must be consistent with the State of Tennessee technology standards.

- 227. Delete Section D.14.3.3.1.d. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.1.d. Independence from Vendor - The Bureau of TennCare wishes to deploy a system that gives it the right to determine who performs integration and deployment functions. For example, the Bureau of TennCare will reserve the right to expand the solution to additional departments without reliance on the vendor. The Bureau of TennCare also reserves the right to integrate the imaging system with additional or new systems or other applications without relying on the original vendor. The Bureau of TennCare will not deploy a system that will require it to depend entirely on the technical resources of the original vendor to maintain, enhance and expand the imaging system.

- 228. Delete Section D.14.3.3.2. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2. In Phase I, Database and Workflow

- 229. Delete Section D.14.3.3.2.a. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.a. In Phase I, subject to review of the EDS requested PCR, the imaging system shall meet the hardware and software product standards of the State of Tennessee. (See Section 9: Attachment 9.12)

- 230. Delete Section D.14.3.3.2.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b. In Phase I, imaging system software must support the Bureau of TennCare departmental workflow and route documents according to rules defined by Bureau of TennCare requirements. The Bureau of TennCare requires the following workflow attributes of the imaging system proposed:

- 231. Delete Section D.14.3.3.2.b.1. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b.1. In Phase I, workflow must be under systems control from user to user.

- 232. Delete Section D.14.3.3.2.b.2. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b.2. In Phase I, changes to workflow will be easy to make and allow for non - programmers to create and/or modify workflow and define rules.

- 233. Delete Section D.14.3.3.2.b.3. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b.3. In Phase I, provide high-speed image delivery for indexing and user service functions.

- 234. Delete Section D.14.3.3.2.b.4. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b.4. In Phase I, documents must be identified and indexed to TennCare clients, providers and complaint, grievance and appeal cases, by document types.

- 235. Delete Section D.14.3.3.2.b.5. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.2.b.5. In Phase I, a unique index form must be used for each document type

- 236. Delete Section D.14.3.3.2.b.6. of Attachment D in its entirety and insert the following in its place:**

D.1.4.3.3.2.b.6. In Phase I, system will allow for fields to be “required”, so that the form cannot be exited if a value has not been entered.

237. Delete Section D.14.3.3.2.b.7. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.2.b.7. All documents in the imaging subsystem will be stored as .tif files.

238. Delete Section D.14.3.3.3.a. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a. In Phase I, Scanning Interface Support Requirements.

239. Delete Section D.14.3.3.3.a.1. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.1. In Phase I, high speed scanners

240. Delete Section D.14.3.3.3.a.2. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.2. In Phase I, simplex and duplex mode support

241. Delete Section D.14.3.3.3.a.3. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.3. In Phase I, document separator pages

242. Delete Section D.14.3.3.3.a.4. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.4. In Phase I, auto-indexing (multiple index locations)

243. Delete Section D.14.3.3.3.a.5. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.5. In Phase I, document navigation support
244. Delete Section D.14.3.3.3.a.6. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.6. In Phase I, quality control checking while scanning
245. Delete Section D.14.3.3.3.a.7. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.7. In Phase I, default or manual naming of documents
246. Delete Section D.14.3.3.3.a.8. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.8. In Phase I, enhance images
247. Delete Section D.14.3.3.3.a.9. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.9. In Phase I, resolution adjustment
248. Delete Section D.14.3.3.3.a.10. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.10. In Phase I, edge detection & masking
249. Delete Section D.14.3.3.3.a.11. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.11. In Phase I, document sizing

250. Delete Section D.14.3.3.3.a.12. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.12. In Phase I, density

251. Delete Section D.14.3.3.3.a.13. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.13. In Phase I, darkness

252. Delete Section D.14.3.3.3.a.14. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.14. In Phase I, contrast

253. Delete Section D.14.3.3.3.a.15. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.15. In Phase I, Group III, IV raster compression

254. Delete Section D.14.3.3.3.a.16. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.16. In Phase I, de-skewing

255. Delete Section D.14.3.3.3.a.17. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.17. In Phase I, batch file definitions

256. Delete Section D.14.3.3.3.a.18. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.18. In Phase I, user roles and definitions functionality

257. Delete Section D.14.3.3.3.a.19. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.19. In Phase I, cropping

258. Delete Section D.14.3.3.3.a.20. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.20. In Phase I, re-scan of bad pages

259. Delete Section D.14.3.3.3.a.21. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.21. In Phase I, separate documents

260. Delete Section D.14.3.3.3.a.22. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.22. In Phase I, split and merge batches

261. Delete Section D.14.3.3.3.a.23. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.23. In Phase I, batch release and control functions

262. Delete Section D.14.3.3.3.a.24. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.24. In Phase I, define output destinations

263. Delete Section D.14.3.3.3.a.25. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.a.25. In Phase I, search

264. Delete Section D.14.3.3.3.a.AA. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.AA. In Phase I, prefix search
265. Delete Section D.14.3.3.3.a.BB. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.BB. In Phase I, suffix search
266. Delete Section D.14.3.3.3.a.CC. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.CC. In Phase I, wildcard searches
267. Delete Section D.14.3.3.3.a.DD. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.a.DD. In Phase I, multiple field Boolean searches
268. Delete Section D.14.3.3.3.b. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.b. In Phase I, support automatic faxing of image documents with associated notes and data. Allow standard cover letters to be faxed along with image and image data.
269. Delete Section D.14.3.3.3.c. of Attachment D in its entirety and insert the following in its place:
- D.14.3.3.3.c. In Phase I, system must not allow acceptable images to be modified or altered in any way.
270. Delete Section D.14.3.3.3.d. of Attachment D in its entirety and insert the following in its place:

D.14.3.3.3.d. In Phase I, the system will allow for annotations to be attached to the image.

271. **Delete Section D.14.3.3.3.e. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.3.e. In Phase I, system will provide browser -based clients access for retrieval with multi-level system and user security.

272. **Delete Section D.14.3.3.4. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.3.e. Proposer must provide the following Hardware recommendations:

273. **Delete Section D.14.3.3.4.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.b. In Phase I, high volume media storage.

274. **Delete Section D.14.3.3.4.c. of Attachment D in its entirety and insert the following in its place**

D.14.3.3.4.c. In Phase I, backup solution.

275. **Delete Section D.14.3.3.4.d. of Attachment D in its entirety and insert the following in its place**

D.14.3.3.4.d. In Phase I, audit trail operations.

276. **Delete Section D.14.3.3.4.e. of Attachment D in its entirety and insert the following in its place**

D.14.3.3.4.e. In Phase I, Hierarchical Storage Management (HSM) architecture and solution based on the access and volume requirements stated below.

277. **Delete Section D.14.3.3.4.f. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.f. In Phase I, remote access to documents.

278. **Delete Section D.14.3.3.4.g. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.g. In Phase I, error logging and handling.

279. **Delete Section D.14.3.3.4.h. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.h. In Phase I, high volume duplex scanners.

280. **Delete Section D.14.3.3.4.i. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.i. In Phase I, minimum scanning station configuration.

281. **Delete Section D.14.3.3.4.j. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.j. In Phase I, minimum retrieval station configuration.

282. **Delete Section D.14.3.3.4.k. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.k. In Phase I, size of queues.

283. **Delete Section D.14.3.3.4.l. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.4.l. In Phase I, component-based architecture providing interoperability for a segmented modular solution from different vendors – fax

server, scan server, image server, index server, document management server and other document imaging components.

- 284. Delete Section D.14.3.3.5.a. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.5.a. In Phase I, capable of contracting for all hardware, system software, and application software proposed.

- 285. Delete Section D.14.3.3.5.b. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.5.b. In Phase I, describe local hardware and software maintenance capabilities.

- 286. Delete Section D.14.3.3.5.c. of Attachment D in its entirety and insert the following in its place:**

D.14.3.3.5.c. In Phase I, proposer must specify the normal expected response time to a service call.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

ELECTRONIC DATA SYSTEMS CORPORATION:

3/24/03
Date

3/24/03
Date

HB 24/11/03

RR 04/11/03

DEPARTMENT OF FINANCE AND ADMINISTRATION:

Date 4/21/03

Date _____

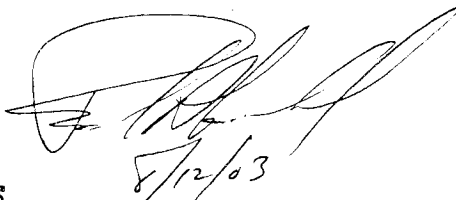
Date _____

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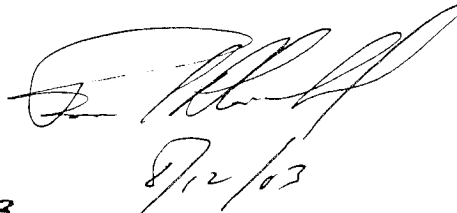
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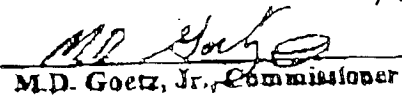
Frank Abramcheck

3/24/03
Date
8/12/03

EDS Information Service, L.L.C. ("EIS"):


Frank Abramcheck3/24/03
Date
8/12/03

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M.D. Goetz, Jr., Commissioner

Date

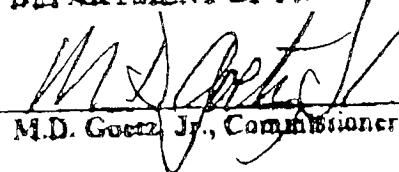
M.D. Goetz 57409 8/15/03

RR 04/11/03

MM 57 8/15/03

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M.D. Goetz, Jr., Commissioner

Date

MD Goetz JRB

AUG 20 2003


COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the
Treasury

Date

8/29/03

CONTRACT SUMMARY SHEET

| | | | |
|---|---|---|---|
| RFS Number: 318.65-080 | | Contract Number: FA-03-15069-02 | |
| State Agency: Department of Finance and Administration | | Division: Bureau of TennCare | |
| Contractor | | Contractor Identification Number | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | X V- C- | 752548221 06 |
| Service Description | | | |
| Development, implementation and replacement TennCare Management Information System (TCMIS) | | | |
| Contract Begin Date | | Contract End Date | |
| 08/12/02 | | 06/30/07 | |
| Allotment Code | Cost Center | Object Code | Fund |
| 318.65 | 180 | 134 | 11 |
| | | X on STARS | |
| Grant | Grant Code | Subgrant Code | |
| | | | |
| FY | State Funds | Federal Funds | Total Contract Amount (including ALL amendments) |
| 2003 | \$1,732,924.21 | \$15,596,317.85 | \$17,329,242.06 |
| 2004 | \$3,213,133.79 | \$9,639,401.37 | \$12,852,535.16 |
| 2005 | \$2,771,712.06 | \$8,315,136.18 | \$11,086,848.24 |
| 2006 | \$2,729,102.23 | \$8,187,306.68 | \$10,916,408.91 |
| 2007 | \$2,708,200.26 | \$8,109,600.79 | \$10,817,801.05 |
| Total: | \$13,155,072.55 | \$49,847,762.87 | \$63,002,835.42 |
| CFDA # 93.778 | | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Dean Daniel Address: 729 Church Street Phone: Nashville, TN (615) 532-1362 | | Is the Contractor a VENDOR? (per OMB A-133) <input checked="" type="checkbox"/> | |
| | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| | | Is the Contractor on STARS? <input checked="" type="checkbox"/> | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor's FORM W-9 ATTACHED? | |
|  | | Is the Contractors Form W-9 Filed with Accounts? <input checked="" type="checkbox"/> | |
| | | | |
| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification |
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| END DATE → | 06/30/07 | | |
| FY: 2003 | \$17,329,242.06 | | |
| FY: 2004 | \$12,852,535.16 | | |
| FY: 2005 | \$11,086,848.24 | | |
| FY: 2006 | \$10,916,408.91 | | |
| FY: 2007 | \$10,817,801.05 | | |
| Total: | \$63,002,835.42 | | |

PROCESSED
 SEP - 4 2003
 DIRECTOR OF ACCOUNTS

**AMENDMENT NO 2
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU
AND**

Electronic Data Systems Corporation and EDS Information Service, L. L. C. ("EIS")

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the Contractor is hereby amended as follows

1. Delete Section A.3.2. in its entirety. A new Section A.4.4.13. will be added to replace this deleted section.

2. Delete Section A.4. in its entirety and insert the following in its place:

A.4. TCMIS Replacement DDI Phase II and Phase III. The second phase of the design, development, and implementation of the Replacement TCMIS consists of the following Replacement TCMIS system components to be completed by September 30, 2003. The third phase of the design, development, and implementation of the Replacement TCMIS consists of the following Replacement TCMIS system components to be completed by December 22, 2003. The major components and a description of each component follows:

3. Delete Section A.4.1. in its entirety and insert the following in its place:

A.4.1. In DDI Phase II and Phase III, Claims and Encounter Processing (See Contract Attachment D, Part 5.3). The Contractor shall implement a Claims and Encounter Processing component that will ensure that fee-for-service claims from enrolled providers and encounter data from Managed Care Contractors are received, tracked, processed, and reported accurately and in a timely manner. In Phase II, the Contractor shall implement fee-for-service processing for Long Term Care, Medicare Crossover, and Department of Children Services Case Management Services claims. In Phase III, the Contractor will implement in the Replacement TCMIS TennCare specific pricing and process requirements for the remaining fee-for-service claim types in the current TCMIS.

4. Delete Section A.4.4. in its entirety and insert the following in its place:

A.4.4. All Other TCMIS Components and Functionality. The Contractor shall implement all other Replacement TCMIS components and functions in DDI Phase II, unless specifically noted as Phase III, and including the following:

5. Delete Section A.4.4.1. in its entirety and insert the following in its place:

A.4.4.1. In DDI Phase III, Contract Management (See Contract Attachment D, Part 8.3). The Contract Management component of the Replacement TCMIS must support the management of Bureau of TennCare contracts from initiation of proposed contracts with business partners through daily management and closure. The

required features include a financial component that establishes the financial obligations of the contract, the funding amount, and monitoring of payments against funding levels. The ability to apply financial transactions (i.e. withholds, penalties, assessments, and releases) against future payments to yield "net" payment amounts is required. This financial component will also interface with STARS.

6. Delete Section A.4.4.4. in its entirety and insert the following in its place:

- A.4.4.4. In DDI Phase III, Program Integrity (See Contract Attachment D, Part 9.3). The Program Integrity component will identify and report potential or suspected fraud and abuse and refer such information for investigation. This component will also edit eligibility, claims, and encounter records for third party liability cost avoidance. The TPL function must provide capabilities to manage private health insurance, Medicare, Medicaid and other third-party resources of TennCare clients and ensure that TennCare is the payer of last resort. This function must work with a combination of cost-avoidance (claim denial) and cost recovery. To the maximum extent possible, the Replacement TCMIS shall use automated processes to maximize cost-avoidance.

7. Delete Section A.4.4.6. in its entirety and insert the following in its place:

- A.4.4.6. In DDI Phase III, Legal (See Contract Attachment D, Part 12.3). This component of the Replacement TCMIS will accept the Justice Information Center incarceration information, match new incarcerations to the TCMIS eligibility file, suspend eligibility of clients matched, identify the reason for suspense, and generate a report of actions, each time the incarceration file is received. Additionally, the system will interface with other State systems to exchange client appeal information.

8. Delete Section A.4.4.7. in its entirety and insert the following in its place:

- A.4.4.7. In DDI Phase II and Phase III, Member Services (See Contract Attachment D, Part 13.3). This component will implement the integrated Computerized Telephony System with the Replacement TCMIS and support call suspense management and history tracking through the Replacement TCMIS. The full integration of the Correspondence Management component and the Document Imaging component with the Replacement TCMIS will also be implemented in this component.

9. Delete Section A.4.4.8. in its entirety and insert the following in its place:

- A.4.4.8. In DDI Phase II and Phase III, Electronic Commerce, EDI, and Internet Processing (See Contract Attachment D, Part 14.3.4). The Contractor shall implement electronic commerce services to include; virtual private network connectivity, electronic claims and remittances, and all electronic interfaces defined in Contract Attachment F. The system will maintain electronic transaction processing for the following functions: enrollment; eligibility; claims related transactions; encounter data; and coordination of benefits with other payors and carriers, including Medicare crossover claims, while ensuring compliance with HIPAA electronic data interchange (EDI) standards. The Contractor will implement internet information

exchange services defined in DDI, Phase I, Phase II and Phase III through the State WEB portal vendor.

10. Delete Section A.4.4.9. in its entirety and insert the following in its place:

- A.4.4.9. In DDI Phase III, Complaint, Grievance, and Appeal Tracking System (See Contract Attachment D, 14.3.2). This component will implement the complaint, grievance and appeals recording, tracking and management system. Additionally, the contract shall implement an analysis component to trend and report complaints, grievances and appeals in the aggregate and by client, managed care contractor, and provider.

11. Add the following to Section A as A.4.4.12.:

- A.4.4.12. In DDI Phase III, the functionality listed below and their related requirements will be implemented:
- a. Workflow
 - b. Management and Administrative Reporting (MARS)
 - c. Fraud & Abuse
 - d. Drug Rebate
 - e. Web (excluding LTC and eligibility verification)
 - f. Other fee for service claim types
 - g. Quarter end processing
 - h. Conversion—Encounter Claims History (except for by October 1, 2003, one year of the most recent encounter claims history will be converted and available for auditing)
 - i. Contract Management
 - j. Third Party Liability—Post payment billing and data matches

12. Add the following to Section A as A.4.4.13.:

- A.4.4.13. Imaging will be implemented in DDI Phase II and DDI Phase III as defined in the Requirement Validation sessions pursuant to the scope of the requirements listed in the RFP. The Contractor shall deliver, install, configure, operate, and integrate a Document Imaging, Storage and Retrieval application. In DDI Phase II, imaging and storage will be performed. In DDI Phase III, the remaining functionality will be performed.

13. Delete Section C.3. in its entirety and insert the following in its place:

- C.3. Pass-Through Cost Payments-The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments-The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I, Phase II and Phase III as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed project milestones for the amount stipulated.

| PHASE: | MILESTONE PAYMENT |
|---|----------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (10% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (20% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (20% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (30% of the grand total for DDI milestone payments) | \$ 764,007.59 |
| DDI PHASE II: | |
| Design Kick-off Phase (9% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (26% of the grand total for DDI milestone payments) | \$ 4,057,067.41 |
| Construction Phase (15% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Acceptance Testing (15% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Implementation (25% of the grand total for DDI milestone payments) | \$ 3,811,272.09 |
| DDI PHASE III | |
| Design Phase | \$ 319,488.59 |
| Construction Phase | \$ 180,079.52 |
| Acceptance Phase | \$ 180,079.52 |
| Implementation Phase | \$ 300,132.54 |
| TCMIS CERTIFICATION: | |

| PHASE: | MILESTONE PAYMENT |
|---|-------------------------|
| TCMIS Certification for DDI Phase I, DDI Phase II and Phase III (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,412,411.69 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for the functionalities, as described in Amendment No. 2, for the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for costs incurred by the Bureau of TennCare to continue current operations. Additionally, the Contractor shall forfeit any claims to reimbursement of monthly Facilities Management Services payments for that month and each month thereafter until the Contract Administrator approves operational readiness.

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|--|---------------------------|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—9/30/2003 | \$ 260,000.00 |
| Facilities Manager Services (contract section A.5) 10/1/2003—6/30/2004 | \$ 8,682,811.43 |
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |

Modification and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order work based on the hourly rates below, in a total amount for each change request not to exceed the written

estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE Start— 6/30/2003 | HOURLY RATE 7/1/2003— 6/30/2004 | HOURLY RATE 7/1/2004— 6/30/2005 | HOURLY RATE 7/1/2005— 6/30/2006 | HOURLY RATE 7/1/2006— 6/30/2007 |
|---|---------------------------------------|--|--|--|--|
| Senior Systems Analyst (10+ years) | \$ 87.28 | \$ 89.37 | \$ 91.52 | \$ 93.72 | \$ 95.97 |
| Systems Analyst (1-9 years) | \$ 84.63 | \$ 86.66 | \$ 88.74 | \$ 90.87 | \$ 93.05 |
| Programmer Analyst III (5+ years) | \$ 69.75 | \$ 71.42 | \$ 73.14 | \$ 74.89 | \$ 76.69 |
| Programmer Analyst II (2-4 years) | \$ 65.00 | \$ 66.56 | \$ 68.16 | \$ 69.79 | \$ 71.47 |
| Programmer Analyst I (0-1 years) | \$ 57.50 | \$ 58.88 | \$ 60.29 | \$ 61.74 | \$ 63.22 |
| Documentation Specialists | \$ 43.66 | \$ 44.71 | \$ 45.78 | \$ 46.88 | \$ 48.00 |

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|--------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniel's Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

14. Delete Section E.31. in its entirety and insert the following in its place:

- E.31. Warranty Period. The Contractor shall be responsible for a Warranty Period for the duration of the Contract, beginning upon the upon the State's written acceptance of the implementation of TCMIS in all Phase I and Phase II DDI. The start of the Warranty Period so defined shall be referred to as the "Warranty Period Begin Date." The Warranty shall apply to all Phase I DDI, Phase II DDI, and Phase III DDI. All services provided pursuant to the Warranty shall be provided free-of-charge to the State. The State shall not compensate the Contractor for travel expenses related to the provision of services provided pursuant to the Warranty. This Warranty language will supercede any warranty language provided by the Uniform Computer Information Transactions Act (UCITA).

15. Delete Section A.2.1. (c) of Attachment A in its entirety. A new Section A.2.2. (i.) will be added from this deleted section.

16. Delete Section A.2.2. of Attachment A in its entirety and insert the following in its place. This also includes adding the new Section A.2.2. (i).

A.2.2. Phase II DDI and Phase III DDI

The second phase of the DDI of the Replacement TCMIS consists of all other components not required in the first phase of the DDI, except those items specified as Phase III, and is to be completed by September 30, 2003.

Phase II and Phase III activities will commence with award of the contract and end when the following functional areas are fully installed:

a. Claims and Encounter Processing (See Contract Attachment D, Part 5.3)

The Claims and Encounter Processing function will ensure that fee-for-service claims from enrolled providers and encounter data from Managed Care Contractors are received, tracked, processed, paid if appropriate, and reported accurately and in a timely manner.

b. Provider Enrollment (See Contract Attachment D, Part 4.3)

The Provider Enrollment and Data Maintenance function should encourage enrollment into the TennCare program by making enrollment an efficient process and by effective and cooperative provider relations. The Provider Enrollment and Data Maintenance function should encourage and facilitate the participation of qualified providers in the TennCare program. The desired Replacement TCMIS will ensure that enrolled TennCare providers are qualified to render specific services by requiring applicants to document; state licensure and certification, federal participation requirements, and specialty board certification, if appropriate. In addition, the Replacement TCMIS will monitor the enrollment of health plan provider networks to ensure access and network adequacy.

c. Early Periodic Screening and Diagnostic Treatment (EPSDT) Tracking and Noticing (See Contract Attachment D, Part 10.3)

The EPSDT component of the Replacement TCMIS must support the capture and maintenance of information related to EPSDT and immunization appointments and services. It must provide a mechanism to track whether or not enrollees who are eligible for these services receive screenings. The component must support the automated generation of follow-up or reminder correspondence or push “alerts” to appropriate individuals about upcoming or overdue appointments. The component must interface with the State Health Immunization Registry to send and receive update immunization information. The Bureau of TennCare requires a custom DDI of EPSDT and immunization tracking and noticing functions. Managed Care Contractors (MCCs) are generally responsible for assuring that a screening periodicity schedule is followed. This includes but is not limited to notifying clients to schedule screening appointments and identifying conditions that require referrals for treatment where appropriate. The Bureau of TennCare is currently planning to increase the oversight of managed care contractor EPSDT performance and is defining new strategies to assist clients in obtaining screening services. The Bureau of TennCare requires a reporting and noticing function to support MCCs in providing EPSDT services. The scope of TCMIS functionality includes generation of notices to clients and plans, electronic reports to MCCs regarding TennCare clients enrolled in their plan who require screening, and producing information regarding the EPSDT service history of new and existing TennCare clients enrolled in their plan. Additional reporting and data analysis support will be provided by the Data Warehouse to be procured in a separate RFP.

d. Contract Management (See Contract Attachment D, Part 8)

In DDI Phase III, the Contract Management component of the Replacement TCMIS must support the management of Bureau of TennCare contracts from initiation of proposed contracts with business partners through daily management and closure. The required features include a financial component that establishes the financial obligations of the contract, the funding amount, and monitoring of payments against funding levels. The ability to apply financial transactions (i.e. withholds, penalties, assessments, and releases) against future payments to yield “net” payment amounts is required.

e. Benefit Package Scope of Services (See Contract Attachment D, Part 3.3)

The Replacement TCMIS must support multiple benefit packages, store detailed information about the scope of services covered under each benefit package and allow an eligible client to elect, or be assigned, one or more benefit packages. Benefit packages may include a full range of services or a limited range of services, such as services covered under “carve outs”. Benefit package data must include the scope of covered services by service category and within each category, the procedure codes that are covered and/or not covered. In addition, the system must support publication and maintenance of the detailed business rules, policies, and procedures of the covered services within each benefit package. The benefit package functionality required includes client assignment to and/or election of benefit packages based on eligibility categories, location, age and sex variables and family affiliations, editing client claims and encounters against covered benefits, and premium rate selection or calculation

f. LTC Referrals, Service Plans, and Authorization (See Contract Attachment D, Part 6.3)

The system solution will support monitoring activities of the quality of long-term care and special waiver services provided to TennCare clients. The system will accept and process Pre Admission Authorization (PAE) request supported by management alerts for timeliness of processing requirements. The system must support client complaint, grievance, and appeal processes for clients seeking nursing facilities, ICF/MR, and HCBS waiver program services.

g. **Facilities Manager Services** (See Contract Attachment B, Part 7.2)

The Contractor must operate and maintain the Replacement TCMIS and perform related facilities management functions in accordance with all Federal, State, and Bureau of TennCare requirements. The facilities manager function is comprised of system operation, claims processing, mail room operations, file maintenance, system functionality processing, system and operational support, and user training.

The Contractor will provide the system maintenance function of the Replacement TCMIS. System maintenance will result from one of the following conditions: 1) the need to make operational improvements or increase the operational efficiency to existing components of the Replacement TCMIS or 2) the correction of a deficiency in the Replacement TCMIS, whether identified by The Bureau of TennCare or by the Contractor. Additionally, the maintenance staff will provide any requested changes to the Replacement TCMIS that are maintenance requirements.

h. **Modification and Enhancement Staffing** (See Contract Attachment B, Part 8)

The Contractor will be required to provide modification and enhancement staffing to ensure that all State requested modifications and enhancements tasks can be completed in a timely manner. System modification and enhancement task will result when the State determines that additional functionality is needed that results in a material change to the Replacement TCMIS after the start of operations.

i. **Document Imaging, Storage, and Retrieval** (See Contract Attachment D, Part 14.3.3)

In DDI Phase II and DDI Phase III, the Document Imaging, Storage and Retrieval application will enable the Bureau of TennCare to scan, store and retrieve indefinitely, a permanent image of all correspondence, received and sent in a digitized image for five (5) years on-line retrieval (where the sent image is not generated and retrievable from the Replacement TCMIS letters and notices platform).

17. Delete Section A.3. of Attachment A in its entirety and insert the following in its place:

A.3. Responsibility to Provide TCMIS Hardware/Software/Services

The Contractor is responsible for identifying the hardware platform requirements for the Replacement TCMIS. The State requires that the Replacement TCMIS be located at the State's centralized Data Center. Where upgrades to the State Data Center are required, the Contractor must propose hardware configurations necessary to host the proposed applications. All Hardware shall conform to the State's technical architecture (See Attachment 9.12.)

The respective responsibilities of the State and the Contractor to provide various hardware, software, and service components for the proposed TCMIS are described in the table below. The state will provide all hardware/software/services components listed under the "State-Provided Hardware/Software/Service" column; the Contractor will provide, within their proposed costs, all hardware/software/service components listed under the "Contractor-Provided Hardware/Software/Services" column.

| HARDWARE/SOFTWARE/SERVICES RESPONSIBILITIES | |
|---|--|
| State-Provided Hardware/Software/Services | Contractor-Provided Hardware/Software/Services |
| Hardware and Software required to host the TCMIS application at the State's Data Center in Nashville, Tennessee, including, but not limited to: | Hardware and software required to implement and run the TCMIS application for Phase I, Phase II, and Phase III DDI as defined in Section A.1, including: |
| Application Servers (processors) | Computerized Telephony System |
| Database Servers (processors) | Accounts Receivable/Payable COTS Application |
| Web Servers (processors) | TCMIS Application |
| Wide Area Network | Imaging Hardware/Software Components |
| Online and offline storage media | All other equipment, software, and incidentals required to accomplish Contractor's DDI solution |
| Software required for items above | |
| Wide Area Network connections required at DDI sites | |

A description of the current TCMIS and its operating environment is provided in Attachment 9.11 and Attachment 9.12 of this RFP.

In response to this section, the Proposer must clearly indicate the hardware requirements for operating the Replacement TCMIS within the State's Data Center. The proposed system must meet the requirements and perform standards in Part 11 of the State Medicaid Manual. The State Medicaid Manual is available on the State web site.

18. Delete Section B.3.2.1.7. (d) (4) of Attachment B in its entirety and insert the following in its place:

B.3.2.1.7. (d) (4) Claims history including a minimum of claims history (fee-for-service and encounters) from January 1, 1994 to the present shall be converted. Encounter claims history will be converted during DDI Phase III (except for by

October 1, 2003, one year of the most recent encounter claims history will be converted and available for auditing). Thirty-six (36) months of the claims history shall be available on-line and used during claims processing. The entire claims history shall be available for reporting and processing claims over two (2) years old. All claims needed to establish use of once-in-a-lifetime procedures and other benefit limitations shall also be converted and be available on-line.

19. Delete Section B.3.2.1.7. (d) (5) of Attachment B in its entirety and insert the following in its place:

B.3.2.1.7. (d) (5) Encounters history including a minimum of encounter history from January 1, 1994 to the present shall be converted. The entire encounter history shall be available for reporting. Three years must be available online. Encounter claims history shall be converted during DDI Phase III (except for by October 1, 2003, one year of the most recent encounter claims history will be converted and available for auditing).

Delete Section B.3.5. (c). of Attachment B in its entirety and insert the following in its place:

B.3.5 (c). The Bureau of TennCare has currently targeted an implementation schedule designed to implement the Replacement TCMIS applications over a period of time (see Contract Attachment B, Part 6: Transition). The Implementation will occur in three (3) phases:

20. Delete Section B.3.5. (c) (1). of Attachment B in its entirety and insert the following in its place:

B.3.5 (c) (1). Phase I -- The Contractor will fully implement all applications defined in the Contract Attachment A and will monitor the operation of these sites for thirty (30) days. At the end of the 30 day operations and monitoring period, and after correcting any deficiencies discovered, the Contractor may request written State approval of the completion of the first Development Phase Milestone, the Implementation Phase. This State approval shall constitute the State's acceptance of the completed Phase I Replacement TCMIS implementation.

Upon completion of the Implementation Phase , the State will compensate the Contractor for Phase I, as defined in the Contract Section C.3. The payments made to the Contractor for the Implementation Milestone shall include all costs to the State to fully implement the Phase I Replacement TCMIS applications, including, but not limited to, all hardware/ software, installation, systems integration, system and training documentation, training costs, application support, and troubleshooting.

The Contractor will also implement and install a computerized telephony system to support TennCare business areas in their communications. The call management system will handle calls from clients and providers (See Contract Attachment D, Part 14).

The Contractor will also implement an Accounting and Financial Management application during Phase I, as described in Contract Attachment D, Part 7. 2.

21. Add the following Section B.3.5. (c) (3). to Attachment B:

B.3.5. (c) (3). The Contractor will fully implement all applications defined in the Contract Attachment A, noted as Phase III components, and will monitor the operation for thirty (30) days. At the end of the 30 day operations and monitoring period, and after correcting any deficiencies discovered, the Contractor may request written State approval of the completion of the third Development Phase Milestone, the Implementation Phase. This State approval shall constitute the State's acceptance of the completed Phase III Replacement TCMIS implementation.

The Contractor will also implement the Document Imaging, Storage and Retrieval application software and install Imaging Hardware/Software Components during Phase III, as described in Contract Attachment D, Part 14.

The payments made to the Contractor for the Implementation Milestone shall include all costs to the State to fully implement the Phase III applications, including, but not limited to, all hardware/ software, installation, systems interface/integration, system and training documentation, training costs, application support, and troubleshooting.

22. Delete Section B.3.5. (e) of Attachment B in its entirety and insert the following in its place:

B.3.5. (e) The following Implementation tasks are iterative and the Contractor will perform them for the Bureau of TennCare, Nashville locations and for each off-site location implemented:

1. Install hardware/software, if applicable.
2. Provide Training.
3. Conduct Implementation.
4. Evaluate System Performance.
5. Request Approval of Implemented Functionality.

Note that unless otherwise specifically excluded, all Design, Construction, Acceptance Test, and Implementation Phase tasks and deliverables that are required during Phase I shall also be required for Phase II. The component Detailed System Design documents for imaging and workflow will be a Phase III task.

The following Phase III documents are specific to the Information Management functional area:

- DSD
- User/Procedures Manual
- Operations Manual
- Training Curricula and Materials
- Quick Reference Guide

The following Phase III documents are phase-specific shared responses that cross functional areas:

- Backup, Recovery, and Restart Test Results
- Updated Capacity Evaluation Plan
- Disaster Recovery Plan
- Conversion Plan
- Implementation Plan
- Performance Evaluation Report
- System Test Plan and Results
- Acceptance Plan
- Training Plan

23. Add the following to Attachment B as B.3.5.1.4. (h):

- B.3.5.1.4. (h) Prepare a report of the Replacement TCMIS DDI results at the completion of all Phase III DDI activities.

24. Delete Section B.3.5.3. (b) of Attachment B in its entirety and insert the following in its place:

- B.3.5.3. (b) Written request for approval of converted data (iterative: here, and below, “iterative” means for Phase I, Phase II, and Phase III applications).

25. Add the following to Attachment B as B.3.5.3. (k):

- B.3.5.3. (k) Written request(s) for approval of implemented functionality (iterative), includes approval of all implemented locations and, during Phase III implementation, full functionality statewide.

26. Delete Section B.4. of Attachment B in its entirety and insert the following in its place:

- B.4. As a part of the Proposal, the Proposer must respond to this section, describing its understanding of the approach to meet the System Warranty and Application Support requirements.

The Proposer must describe its approach to providing a system Warranty Period and satisfying application support requirements as described below:

The Contractor will be responsible for a one (1) year warranty period, to begin upon the State’s written acceptance of each Replacement TCMIS phase as implemented in the Phase I DDI, Phase II DDI, and Phase III DDI. The Proposer must describe its approach to meeting the Warranty Period requirements, addressing the full range of services required. The response should include staff skills, staff members, proposed response procedures and the Proposer’s plan to accomplish this task.

27. For purposes of estimated completion dates Section B.6.1 of Attachment B is amended as follows:

B.6.1.b. shall be amended by deleting “October 01, 2003” in the first line and replacing with “December 22, 2003” and by deleting “April 01, 2003” in the third line and replacing with “October 1, 2003” so that, as amended B.6.1.b. reads as follows:

- b. December 22, 2003 - The Replacement TCMIS, including all functional components needed to achieve Federal certification must be operational. If CMS does not certify the Replacement TCMIS retroactive to October 01, 2003, the Bureau of TennCare is in jeopardy of losing Federal financial participation.

B.6.1.b. shall be amended by replacing in the first line of the Task Description chart the End Date of “3-31-03” with “08-01-03” so that it reads as follows:

| Task Description | Begin Date | End Date |
|---|------------|-----------|
| Phase I – Design, Development and Implementation | 09-16-02 | 08-01-03 |
| Begin Phase I operations, including Facilities Manager Services to support Phase I components | 04-15-03 | 06-30-07 |
| Phase II – Design, Development and Implementation | 09-16-02 | 09-30-03 |
| Test HIPAA transactions | 04-16-03 | 09-30--03 |
| Phase III—Design, Development and Implement | 09-16-02 | 12-22-03 |
| Begin Phase II operations, including all Facilities Manager responsibilities | 10-01-03 | 06-30-07 |
| Complete Replacement TCMIS CMS certification review | 04-01-04 | 06-30-04 |

B.6.1. shall be amended by adding a section “c” to read as follows:

- c. Nothing in this or any other amendment shall prevent the State from assessing liquidated damages, or from collecting other damages that may be available, in accordance with the timeframes that were established in the Contract prior to execution of any amendments (the “Original Contract”) should EDS fail to meet the timeframes set forth in the Contract as amended by Amendments 1 and 2 (the “Amended Contract”) in accordance with the terms and conditions of the Amended Contract. The State will continue to monitor and evaluate the Contractor’s performance in meeting the timeframes under the Amended Contract to determine whether the State will assess liquidated damages as provided in the Original Contract or otherwise. Amendments 1 and 2 to the Contract extend certain End Dates and move certain tasks to later phases. If, however, the Contractor fails to meet any End Date and any other due date under the Amended Contract, or otherwise fails to conform in all respects to the Amended Contract, then the Contractor shall be liable for the higher of liquidated and other damages that accrued or accrue under either the Original Contract or the Amended Contract, based on the original End Dates and other original due dates.

28. Delete Section D.2.3.11. of Attachment D in its entirety and insert the following in its place:

- D.2.3.11. In DDI Phase III, accept information updates from clients and allow access to client eligibility information by the client through a secure Internet WEB access strategy. This requirement will be developed in cooperation with and approved by the Bureau of TennCare and the Department of Human Services.

29. Delete Section D.4.3.9. of Attachment D in its entirety and insert the following in its place:

- D.4.3.9. In DDI Phase II, scan, store correspondence and documents associated with a provider's record. In DDI Phase III, retrieve and make available for on-line viewing all correspondence and documents associated with a provider's record.

30. Delete Section D.5.8. (l) of Attachment D in its entirety and insert the following in its place:

- D.5.8. (l) Produce, reconcile, and submit balancing and control reports that reconcile all claims, including encounter claims, entered into the system to the batch processing cycle input and output counts. This process should also apply to all claims, TADs, and encounter data accepted on-line real time. In DDI Phase III, the reports shall be provided on-line and be made available as defined by the authorized user and include management level reports to account for all claims at all times. In DDI Phase III, all reports should also be made available via web portal if requested by authorized users.

31. Delete Section D.6.3.22. of Attachment D in its entirety and insert the following in its place:

- D.6.3.22. In DDI Phase III, provide a case-tracking tool to accept, track and report on long-term care and waivers service appeals as follows:
- a. Provide on-line access to appeals information.
 - b. Provide status reporting.
 - c. Image all appeals information at the source, archive, and allow on –line viewing and retrieval of the case.
 - d. Access all PAE, encounter/claims history relating to the appeal and track by enrollee all appeals filed and decisions made by staff and administrative law judges.
 - e. “Alert” staff when an appeal deadline is approaching.
 - f. Generate standard notices, appeal acknowledgement and decision notices to client, client’s designee and the service provider.

32. Delete Section D.6.5. (a) (2) of Attachment D in its entirety and insert the following in its place:

- D.6.5. (a) (2) In DDI Phase III, mandated annual report to CMS (372).

33. Delete Section D.6.8. of Attachment D in its entirety and insert the following in its place:

D.6.8. Performance Standards

The contractor shall meet the following performance standards for operation of the Replacement TCMIS:

- a. Assign a unique claim reference number to every paper claim, void, and adjustment within one (1) business day of the date received. Attachments should received the same unique number as the document to which it is attached.
- b. Image claims and any attachments, process/archive every claim and attachment within one (1) business day of receipt.
- c. Maintain data entry keying accuracy standards of ninety-nine percent (99%) for claims and other transactions.
- d. Accept on-line real time submission of TAD and encounter data, via portal entry 24/7. On-line TAD and encounter data and any attachments must have a unique claim reference number assigned, including time received, upon entry into the TCMIS system.
- e. Load claims submitted electronically by tape, cartridge, diskette, and batch transmissions, including encounter claims, within one (1) business day of receipt.
- f. Process, edit, and adjudicate claims and encounters five (5) times per week or as directed by the Bureau of TennCare.
- g. Correctly adjudicate ninety-five percent (95%) of all FFS claims within thirty (30) calendar days of receipt and one hundred percent (100%) of all FFS claims within sixty (60) days of receipt (pay, pend or deny). Additionally, one hundred (100) percent of clean claims that are received via EDI shall be processed in twenty-one (21) calendar days. One hundred (100) percent of clean claims that are received via paper shall be processed in thirty (30) calendar days.
- h. Provide on-line notification to providers, within twenty-four (24) hours of transmission, regarding any transmission or claim data errors or acceptability for further processing.
- i. Assign a unique claim reference to electronic media capture claims, voids, and adjustments within one (1) business day of the date received.
- j. Return claims missing required or unreadable data within one (1) business day of receipt. Any attachments must be returned with the claims. Instructions for the providers on how to correct and resubmit the returned claims must be included when the claims are returned to the provider and tracked via an audit trail. All claims correspondence sent to and received from providers must be

imaged and associated with the provider's record. All correspondence must be stored and retrievable on-line upon authorized user demand.

- k. Update claims data returned by providers with missing or additional information within three (3) business days of receipt.
- l. Produce, reconcile, and submit balancing and control reports that reconcile all claims, including encounter claims, entered into the system to the batch processing cycle input and output counts. This process should also apply to all claims, TADs, and encounter data accepted on-line real time. In DDI Phase III, the reports shall be provided on-line and be made available as defined by the authorized user and include management level reports to account for all claims at all times. In DDI Phase III, all reports should also be made available via web portal if requested by authorized users.
- m. Generate and submit claims and encounter inventory and operations reports after each claims/encounter processing cycle.
- n. Update the claims and encounter entry files daily (as received).
- o. Retrieve hard-copy claim documentation/correspondence image upon user demand.

34. Delete Section D.7.8.9. of Attachment D in its entirety and insert the following in its place:

- D.7.8.9. In DDI Phase III, maintain a pharmacy formulary and be able to calculate drug rebates for those categories within the State risk pool (e.g., dual eligible population).

35. Delete Section D.7.8.27. of Attachment D in its entirety and insert the following in its place:

- D.7.8.27. In DDI Phase III, calculate drug rebates and file electronic claims for rebates through electronic media.

36. Delete Section D.7.8.28. of Attachment D in its entirety and insert the following in its place:

- D.7.8.28. In DDI Phase III, track and report drug rebate receivables month -to-month (aged accounts receivable).

37. Delete Section D.7.8.29. of Attachment D in its entirety and insert the following in its place:

- D.7.8.29. In DDI Phase III, track and transmit drug rebate receivables to STARS.

38. Delete Section D.7.8.30. of Attachment D in its entirety and insert the following in its place:

- D.7.8.30. In DDI Phase III, adjust rebate rates and post previous period voids and adjustments.

39. Delete Section D.7.8.31. of Attachment D in its entirety and insert the following in its place:

- D.7.8.31. In DDI Phase III, calculate interest rates for late drug rebate receivables.

40. Delete Section D.7.8.32. of Attachment D in its entirety and insert the following in its place:

D.7.8.32. In DDI Phase III, generate a second invoice, store the invoices, and make the invoices available for on-line viewing.

41. Delete Section D.7.10. (d) of Attachment D in its entirety and insert the following in its place:

D.7.10. (d) In DDI Phase III, CMS-37 report worksheets (hard copy and media reformatted to AP/AR file format).

42. Delete Section D.7.10. (e) of Attachment D in its entirety and insert the following in its place:

D.7.10. (e) In DDI Phase III, CMS -21 report.

43. Delete Section D.7.10. (f) of Attachment D in its entirety and insert the following in its place:

D.7.10. (f) In DDI Phase III, CMS-64 report worksheets (hard copy and media reformatted to AP/AR Report format).

44. Delete Section D.7.10. (p) of Attachment D in its entirety and insert the following in its place:

D.7.10. (p) In DDI Phase III, CMS 2082 (MSIS) report.

45. Delete Section D.7.13. (l) of Attachment D in its entirety and insert the following in its place:

D.7.13. (l) Produce, reconcile, and submit balancing and control reports that reconcile all claims, including encounter claims, entered into the system to the batch processing cycle input and output counts. This process should also apply to all claims, TADs, and encounter data accepted on-line real time. In DDI Phase III, the reports shall be provided on -line and be made available as defined by the authorized user and include management level reports to account for all claims at all times. In DDI Phase III, all reports should also be made available via web portal if requested by authorized users.

46. Delete Section D.8.3. of Attachment D in its entirety and insert the following in its place:

D.8.3. System Requirements

In DDI Phase III, the Replacement TCMIS must provide a case-tracking component to support monitoring activities and track corrective action plans and directives. Functional statements include:

47. Delete Section D.8.3.13. of Attachment D in its entirety and insert the following in its place:

D.8.3.13. In DDI Phase III, contain a workflow management component with tickler alerts to advise Bureau of TennCare staff when a deadline is approaching.

48. Delete Section D.8.3.14. of Attachment D in its entirety and insert the following in its place:

- D.8.3.14. In DDI Phase II, provide document-imaging capabilities and capture all Bureau of TennCare correspondence. In DDI Phase III, make it available on-line to authorized users upon request.

49. Delete Section D.8.4. of Attachment D in its entirety and insert the following in its place:

D.8.4. Inputs

- a. In DDI Phase III, financial information surrounding each TennCare contract (e.g., contract name, pay to account and tax ID, dates of contract).
- b. In DDI Phase III, provider files from the MCO/BHOs.
- c. In DDI Phase III, directives, corrective action plans, ORRs and AHRs identified by the business areas must be entered into the case-tracking component of the system.
- d. In DDI Phase III, directives issued by TSU and OGC must be entered into the case-tracking component of the system.

50. Delete Section D.8.5. of Attachment D in its entirety and insert the following in its place:

D.8.5. Outputs

- a. In DDI Phase III, management reports for appeals tracking.
- b. In DDI Phase III, a variety of financial reports.
- c. In DDI Phase III, aging reports for directives, corrective action plans, on request reports, and ad hoc reports.
- d. In DDI Phase III, EFT transactions to the appropriate bank(s).
- e. In DDI Phase III, notifications
- f. In DDI Phase III, output payments into the chart of accounts in STARS.

51. Delete Section D.9.2.3. (c) of Attachment D in its entirety and insert the following in its place:

- D.9.2.3. (c) In DDI Phase III, assist in the recovery of funds from third parties when TPL is identified after claim payment.

52. Delete Section D.9.3.2. of Attachment D in its entirety and insert the following in its place:

D.9.3.2. Data Matches

In DDI Phase III, to support TPL, SURS, and Fraud and Abuse detection, and other business areas within the Bureau of TennCare, the Replacement TCMIS must have the functionality to support data matches.

53. Delete Section D.9.3.3. of Attachment D in its entirety and insert the following in its place:

D.9.3.3. Third Party Liability (TPL)

The TPL function provides capabilities to manage private health, Medicare, Medicaid and other third -party resources of TennCare clients and ensures that TennCare is the payer of last resort. This function works with a combination of cost-avoidance (claim denial) and cost recovery (DDI Phase III). To the maximum extent possible, the Replacement TCMIS should use automated processes for cost - avoidance, including specifying statement of benefits, for use in automatic cost - avoidance without manual review. The Replacement TCMIS must have the capability to perform the following functions:

54. Delete Section D.9.4.1. of Attachment D in its entirety and insert the following in its place:

D.9.4.1. SURS and Fraud and Abuse

In DDI Phase III, input into SURS and Fraud and Abuse function include data from other TCMIS functions used in analysis and reporting:

- a. Claims history (includes encounter, fee-for-service and crossover claims).
- b. Provider demographics.
- c. Client demographic and eligibility data.
- d. Reference data for descriptions of diagnosis and service codes.
- e. User-maintained parameters, which define report processes and content.

55. Delete Section D.9.5.1. of Attachment D in its entirety and insert the following in its place:

D.9.5.1. SURS and Fraud and Abuse

In DDI Phase III, the Replacement TCMIS must meet all Federal and Bureau of TennCare utilization management reporting and performance requirements. All reports shall be available on paper and micromedia at a minimum. The Bureau of TennCare shall define the frequency of these reports. These reports include but are not limited to:

- a. Client profiles and summary profiles.
- b. Provider profiles and summary profiles.
- c. MCC profiles and summary profiles.
- d. Claim detail reports for both clients and providers.
- e. Special reports.
- f. Ad hoc reports.

g. Savings reports.

56. Delete Section D.10.3.1. (k) of Attachment D in its entirety and insert the following in its place:

D.10.3.1. (k) In DDI Phase III, generate the quarterly and annual CMS 416 report. Segment the reports by traditional Medicaid, Uninsured and Uninsurable, and DCS client populations.

57. Delete Section D.10.3.2. of Attachment D in its entirety and insert the following in its place:

D.10.3.2. In DDI Phase III, Grievance and Appeals Requirements - Manage participant complaints and appeals through a case-tracking component. The case-tracking component must contain the following capabilities (see Contract Attachment D, Part 14).

a. Query member eligibility files by date of service(s) under appeal.

b. Image all appeals information at the source, archive to the client/provider, and allow on-line viewing and retrieval of the case.

c. Share a seamless tracking database with the MCOs/BHOs. The access must allow the MCOs/BHOs to view who has filed an appeal and inquire about the status of an appeal.

d. Generate an audit trail and track and reconcile all premium payments made as a result of an appeal decision (Note: some payments may be "forgiven").

e. Interface with the eligibility files and allow authorized user update privileges to the address information when the appeals unit receives a new address.

f. Automatically generate an acknowledgement letter for each appeal entered into the appeals tracking system.

g. Provide noticing capabilities to send a standard appeal acknowledgement and decision notices to enrollees, the enrollee's designee or the provider of service.

h. Allow access all encounter/claims history relating to the appeal and track by enrollee all appeals filed and decisions made.

i. Track and report appeal timelines and send "alerts" when the deadline is approaching through a workflow management component.

j. Generate directives and notices as necessary to support appeals processing activities.

k. Generate management reports for appeals on a schedule approved by the Bureau of TennCare.

58. Delete Section D.10.3.5. of Attachment D in its entirety and insert the following in its place:

- D.10.3.5. In DDI Phase III, provide an Internet version of bulletin boards or Internet provider manuals to facilitate communication among provider, DCS case workers, MCOs/BHOs and Bureau of TennCare staff.

59. Delete Section D.10.4.2. of Attachment D in its entirety and insert the following in its place:

- D.10.4.2. In DDI Phase III, Inputs for appeals include:
- a. Appeal request and all supporting documentation.
 - b. MCC response to the appeal.
 - c. Directive from OGC.

60. Delete Section D.10.5.1. (b) of Attachment D in its entirety and insert the following in its place:

- D.10.5.1. (b) In DDI Phase III, mandated Federal EPSDT report (CMS 416).

61. Delete Section D.10.5.2. of Attachment D in its entirety and insert the following in its place:

- D.10.5.2. In DDI Phase III, the outputs relating to participant complaints and appeals include, but are not limited to:
- a. Report of Findings describing the outcome of the appeals investigation.
 - b. Workflow management “alerts” to authorized users.
 - c. Appeals acknowledgement-letter, directives, and appeal decision notices.

62. Delete Section D.12.3. of Attachment D in its entirety and insert the following in its place:

D.12.3. System Requirements

In DDI Phase III, the Replacement TCMIS must have the functionality to perform the following:

63. Delete Section D.12.4. of Attachment D in its entirety and insert the following in its place:

D.12.4. Inputs

- a. In DDI Phase III, on-line entered complaints, grievances and appeals information.
- b. In DDI Phase III, case decisions from Administrative Procedures Division.
- c. In DDI Phase III, hearing Dates from Administrative Procedures Division.
- d. In DDI Phase III, incarceration Information from the Justice Information System.

e. In DDI Phase III, on-line entered Appeal “Action Taken” information.

f. In DDI Phase III, ProLaw Case File.

64. Delete Section D.12.5. of Attachment D in its entirety and insert the following in its place:

D.12.5. Outputs

a. In DDI Phase III, appeals status reports as defined in Contract Attachment D, Part 14.2.2.

b. In DDI Phase III, generate a report of “matched” incarcerated and suspended clients and route on-line to designated user.

65. Delete Section D.13.3.5. of Attachment D in its entirety and insert the following in its place:

D.13.3.5 In DDI Phase III, allow authorized users to automatically generate correspondence using “template” letters and forms on -line; copies should be held in the system and should be retrievable on -line.

66. Delete Section D.13.3.7. of Attachment D in its entirety and insert the following in its place:

D.13.3.7. In DDI Phase III, initiate workflow assignments, generate reminders and tickler alerts, and management reports for the Member Services Supervisors.

67. Delete Section D.13.3.12. of Attachment D in its entirety and insert the following in its place:

D.13.3.12 In DDI Phase II, provide imaging capability and image incoming documents and correspondence. In DDI Phase III, electronically store all outgoing correspondences.

68. Delete Section D.13.3.13. of Attachment D in its entirety and insert the following in its place:

D.13.3.13 In DDI Phase II, store all inquiries/correspondence within the client’s record. In DDI Phase III, aggregate the data and make it accessible to all authorized entities.

69. Delete Section D.13.3.20. of Attachment D in its entirety and insert the following in its place:

D.13.3.20. In DDI Phase III, maintain a unique appeals transaction record to track and trend all Administrative Appeals received by Member Services.

70. Delete Section D.13.5. (a) of Attachment D in its entirety and insert the following in its place:

D.13.5. (a) In DDI Phase III, generate standard or customized notices, forms, and letters in response to calls, correspondence, fax or electronic inquiries.

71. Delete Section D.14.2.5. (b) of Attachment D in its entirety and insert the following in its place:

D.14.2.5. (b) In DDI Phase III, store, and make available for on -line viewing and printing copies of all correspondence, notices and letters sent to a client, provider or other business partner.

72. Delete Section D.14.3.2. of Attachment D in its entirety and insert the following in its place:

D.14.3.2. In DDI Phase III, Complaint, Grievance, and Appeal Tracking System

73. Delete Section D.14.3.3. of Attachment D in its entirety and insert the following in its place:

D.14.3.3. In DDI Phase III, Document Imaging, Storage, and Retrieval Application

74. Delete Section D.14.3.4.2. (b) of Attachment D in its entirety and insert the following in its place:

D.14.3.4.2. (b) In DDI Phase III, claim status inquiry.

75. Delete Section D.14.3.4.2. (c) of Attachment D in its entirety and insert the following in its place:

D.14.3.4.2. (c) In DDI Phase III, Check Payment Inquiry.

76. Delete Section D.14.3.4.2. (d) of Attachment D in its entirety and insert the following in its place:

D.14.3.4.2. (d) In DDI Phase III, Preadmission Certification (submit, update, and verify status).

77. Delete Section D.14.3.4.2. (e) of Attachment D in its entirety and insert the following in its place:

D.14.3.4.2. (e) In DDI Phase III, address updates from clients and providers.

78. Delete Section D.14.3.4.2. (g) of Attachment D in its entirety and insert the following in its place:

D.14.3.4.2. (g) In DDI Phase III, Plan Enrollment Change Request: acceptance of plan change request and open enrollment ballots via the Internet by clients.

79. Delete Section D.14.3.4.3. of Attachment D in its entirety and insert the following in its place:

D.14.3.4.3. In DDI Phase III, the Internet function shall record an audit trail of all transactions and provide receipt responses on-line for all transactions.

80. Delete Section D.14.3.5. of Attachment D in its entirety and insert the following in its place:

D.14.3.5. In DDI Phase III, Correspondence, Letter, and Notice Management

81. Delete Section D.14.4.2. of Attachment D in its entirety and insert the following in its place:

D.14.4.2. In DDI Phase III, Complaint, Grievance, and Appeal Tracking System

a. On-line entered complaints, grievances, and appeals.

b. Case Hearing Dates and Decisions from Administrative Procedures Divisions.

c. On-line entered "Action Required and Taken" information.

82. Delete Section D.14.4.6. of Attachment D in its entirety and insert the following in its place:

- D.14.4.6. In DDI Phase III, Workflow Management System
- a. End-user on-line entered information.
 - b. Imaged documents and objects.
 - c. Telephony system content.
 - d. External application documents (word documents).

83. Delete Section D.14.5.2. of Attachment D in its entirety and insert the following in its place:

- D.14.5.2. In DDI Phase III, Complaint, Grievance, and Appeal Tracking System
- a. Daily “alert” reports of complaint, grievance, and appeal cases with “open” action items routed to designated users and managers. The reports shall be segmented into by category and within category, segmented by overdue cases and cases with action items due, one, two, and three or more days from the current date. The reports shall be distributed via screen displays.
 - b. Other management detail and summary reports as defined by users.

84. Delete Section D.14.5.6. of Attachment D in its entirety and insert the following in its place:

- D.14.5.6. In DDI Phase III, Workflow Management System
- a. Workflow Objects.
 - b. Object Aging Alerts.
 - c. End-user, Supervisory and Management reports (status reports by object, types and aging).

85. Delete Section D.14.7.3. (e) of Attachment D in its entirety and insert the following in its place:

- D.14.7.3. (e) In DDI Phase III, integrate the document Imaging, Storage and Retrieval System with the Replacement TCMIS. (See Attachment F, Integration/Interface Requirements)

86. Delete Section D.15.5. (a) of Attachment D in its entirety and insert the following in its place:

- D.15.5. (a) In DDI Phase III, fee schedule to be used by providers and others, on the Bureau of TennCare requested media (e.g., paper, and electronic, bulletin boards, the Internet).

89. Delete Section I.2.10 of Attachment I in its entirety and insert the following in its place:

- I.2.10 **TennCare Eligibility Transaction Processing (Requirement stated in Contract Attachment D., Part 2.8.b.**

The Contractor shall process and apply all electronic TennCare eligibility transaction and updates within one (1) working day of receipt.

90. Delete Section I.2.11 in its entirety and insert the following in its place.

I.2.11 TennCare Client Notices (Requirement stated in Contract Attachment D, Part 2.7.i and/or D.13l.8.b.)

The Contractor shall mail all client notices and letters on a schedule approved by the Bureau of TennCare.

91. Delete Section I.2.12 in its entirety and insert the following in its place.

I.2.12 Re-certification, if required (Requirement stated in Contract Attachment D, Part 2.8)

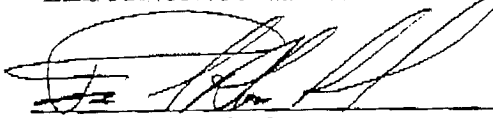
The Contractor shall send the Re-certification Contractor transactions for each TennCare client requiring re-certification within 48 hours of the date set by the Bureau of TennCare. In addition, the Contractor shall mail notices related to re-certification to the enrollees per the schedule established by the Bureau of TennCare.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

Amendment NO 2
Contract FA-03-15069-00

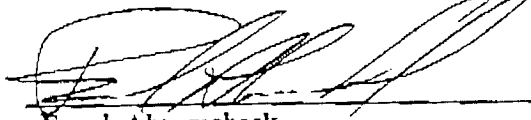
IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:



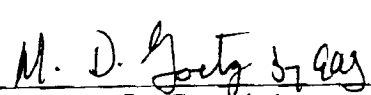
Frank Abramcheck Date 8/15/03

EDS Information Service, L. L. C. ("EIS"):



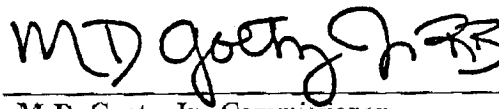
Frank Abramcheck Date 8/15/03

DEPARTMENT OF FINANCE AND ADMINISTRATION:



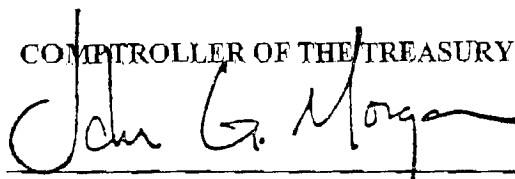
M.D. Goetz, Jr., Commissioner Date 8/15/03

APPROVED: Confirmed by conversation w/ Comm Goetz
DEPARTMENT OF FINANCE AND ADMINISTRATION:



M.D. Goetz, Jr., Commissioner Date AUG 20 2003

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treasury Date 8/29/03

C O N T R A C T S U M M A R Y S H E E T

| | | | |
|--|--|---|--------------------|
| RFS Number: | 318.65-080 | Contract Number: | FA-03-15069-03 |
| State Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |
| Contractor | | Contractor Identification Number | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | X V- C- | 752548221 06 |

Service Description

Development, implementation and replacement TennCare Management Information System (TCMIS)

| | |
|----------------------------|--------------------------|
| Contract Begin Date | Contract End Date |
| 08/12/02 | 06/30/07 |

| | | | | | | |
|----------------|-------------|-------------|------|------------|------------|---------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| 318.65 | 180 | 134 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|------------------------|------------------------|-------------------------|---------------|---|
| 2003 | \$1,732,924.21 | \$15,596,317.85 | | | \$17,329,242.06 |
| 2004 | \$2,774,088.71 | \$8,322,266.13 | | | \$11,096,354.84 |
| 2005 | \$2,771,712.06 | \$8,315,136.18 | | | \$11,086,848.24 |
| 2006 | \$2,729,102.23 | \$8,187,306.68 | | | \$10,916,408.91 |
| 2007 | \$2,708,200.26 | \$8,109,600.79 | | | \$10,817,801.05 |
| Total: | \$12,716,027.47 | \$48,530,627.63 | | | \$61,246,655.10 |

| | | | |
|--|---|---|---|
| CFDA # | 93.778 | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Address: Phone: | Dean Daniel 729 Church Street Nashville, TN (615) 532-1362 | Is the Contractor a VENDOR? (per OMB A-133) | x |
| | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor on STARS? | x |
| | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractors Form W-9 Filed with Accounts? | x |

| COMPLETE FOR ALL AMENDMENTS (only) | | |
|------------------------------------|----------------------------------|-------------------------|
| | Base Contract & Prior Amendments | This Amendment ONLY |
| END DATE → | 06/30/07 | |
| FY: 2003 | \$17,329,242.06 | |
| FY: 2004 | \$12,852,535.16 | (\$1,756,180.32) |
| FY: 2005 | \$11,086,848.24 | |
| FY: 2006 | \$10,916,408.91 | |
| FY: 2007 | \$10,817,801.05 | |
| Total: | \$63,002,835.42 | (\$1,756,180.32) |

| |
|---|
| Funding Certification |
| <p>Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.</p> <div style="text-align: center;"> </div> |

MANAGEMENT SERVICES

AMENDMENT NO 3
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU

AND

Electronic Data Systems Corporation and EDS Information Service, L. L. C. ("EIS")

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the Contractor is hereby amended as follows

1. Delete Section A.4. in its entirety and insert the following in its place:

- A.4. TCMIS Replacement DDI Phase II and Phase III. The second phase of the design, development, and implementation of the Replacement TCMIS consists of the following Replacement TCMIS system components to be completed by November 30, 2003. The third phase of the design, development, and implementation of the Replacement TCMIS consists of the following Replacement TCMIS system components to be completed by February 16, 2004. The major components and a description of each component follows:

2. Delete Section A.4.4.12. in its entirety and insert the following in its place:

A.4.4.12. The functionality listed below and their related requirements will be implemented as follows:

- a. Workflow - Due December 22, 2003 (except eligibility process and eligibility appeals).
- b. Management and Administrative Reporting (MARS)-Due December 22, 2003-(reports will run as specified by 1.2.7 after operations begin).
- c. Fraud & Abuse – Due December 22, 2003-(reports will run as specified by 1.2.7 after operations begin).
- d. Drug Rebate – Due December 22, 2003-(reports will run as specified by 1.2.7 after operations begin).
- e. Web (excluding LTC and eligibility verification) - Due December 22, 2003
- f. Other fee for service claim types - Due February 16, 2004
- g. Quarter end processing -(reports will run as specified by 1.2.7 after operations begin).
- h. Conversion - Encounter Claims History (except for by December 1, 2003 three years of the most recent encounter claims history will be converted and available for auditing)
- i. Contract Management - Due December 31, 2003
- j. Third Party Liability - Post payment billing and data matches - (reports will run as specified by 1.2.7 after operations begin).

3. Amend Section C.1.1 by deleting the first sentence in its entirety and insert the following sentence in its place:

In no event shall the maximum liability of the State under this Contract exceed sixty one million, two hundred forty six thousand, six hundred fifty-five dollars and ten cents (\$61,246,655.10) for professional services pursuant to this Contract (*id.est.*, implementation Phase I, II and III, facilities manager services and maintenance staffing).

3. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Pass-Through Cost Payments—The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments—The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I and Phase II as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for project milestones for the amount stipulated, provided, however, that payment by the State to Contractor does not indicate approval of such milestones, which may only be evidenced by a signed State approval letter for each deliverable. In the event that the milestone is never approved by the State because the Contractor failed to perform its obligations under this Contract, the State does not waive any rights provided herein. *gy*

| PHASE: | MILESTONE PAYMENT |
|--|----------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (1% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (3% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (4% of the grand total for DDI milestone payments) | \$ 764,007.59 |

| PHASE: | MILESTONE PAYMENT |
|--|-------------------|
| DDI PHASE II: | |
| Design Kick-off Phase (7% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (21% of the grand total for DDI milestone payments) | \$ 4,057,067.41 |
| Construction Phase (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Acceptance Testing (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Implementation (20% of the grand total for DDI milestone payments) | \$ 3,811,272.09 |
| DDI PHASE III | |
| Design Phase 2% | \$ 319,488.59 |
| Construction Phase 1% | \$ 180,079.52 |
| Acceptance Phase 1% | \$ 180,079.52 |
| Implementation Phase 2% | \$ 300,132.54 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I, DDI Phase II and Phase III (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,412,411.69 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for the functionalities, as described in the Original Contract as amended by Amendment No. 2 and or Amendment No. 3, for the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for costs incurred by the Bureau of TennCare to continue current operations. Additionally, the Contractor shall forfeit any claims to reimbursement of monthly Facilities Management Services payments for that month and each month thereafter until the Contract Administrator approves operational readiness

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|---|------------------------------|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—11/30/2003 | \$433,333.33 |
| Facilities Manager Services (contract section A.5) 12/1/2003—6/30/2004 | \$ 6,753,297.78 |
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |

Modification and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order work based on the hourly rates below, in a total amount for each change request not to exceed the written estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE Start— 6/30/2003 | HOURLY RATE 7/1/2003— 6/30/2004 | HOURLY RATE 7/1/2004— 6/30/2005 | HOURLY RATE 7/1/2005— 6/30/2006 | HOURLY RATE 7/1/2006— 6/30/2007 |
|---|---------------------------------------|--|--|--|--|
| Senior Systems Analyst (10+ years) | \$ 87.28 | \$ 89.37 | \$ 91.52 | \$ 93.72 | \$ 95.97 |
| Systems Analyst (1-9 years) | \$ 84.63 | \$ 86.66 | \$ 88.74 | \$ 90.87 | \$ 93.05 |
| Programmer Analyst III (5+ years) | \$ 69.75 | \$ 71.42 | \$ 73.14 | \$ 74.89 | \$ 76.69 |
| Programmer Analyst II (2-4 years) | \$ 65.00 | \$ 66.56 | \$ 68.16 | \$ 69.79 | \$ 71.47 |
| Programmer Analyst I (0-1 years) | \$ 57.50 | \$ 58.88 | \$ 60.29 | \$ 61.74 | \$ 63.22 |

| | | | | | |
|----------------------------------|----------|----------|----------|----------|----------|
| Documentation Specialists | \$ 43.66 | \$ 44.71 | \$ 45.78 | \$ 46.88 | \$ 48.00 |
|----------------------------------|----------|----------|----------|----------|----------|

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|---------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniels Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

4. Delete A.2.1 and its subsections of Attachment A in its entirety and insert the following in its place:

Phase I, II and III activities will commence with award of the contract and end when all functional areas as described in the contract are fully installed.

5. Add new A.2.1.1 of Attachment A to read as follows:

A.2.1.1. Phase I and Phase II - DDI

a. Premium Management (See Contract Attachment D, Part 7.8)

In DDI Phase I and DDI Phase II the system will create a high level of automation for the processes of billing a client for monthly premium and posting the premium receipts from the clients. Additionally, the Bureau of TennCare intends to acquire Health Insurance Purchasing Program (HIPP) capabilities to pay insurance premiums for employer and government sponsored health insurance and purchase variable benefit packages for different eligibility categories. This capability would extend to payment for the full price of the coverage or cost shared with the covered individual or family.

b. Computerized Telephony System (CTS)

(See Contract Attachment D, Part 14.3.1)

In DDI Phase I the Bureau of TennCare requires a CTS to provide timely and superior customer service in response to the Bureau of TennCare client and provider calls. The CTS will consolidate three call management centers supporting member and provider services into a multi -site CTS. The CTS will integrate phone system information with the Replacement TCMIS to support call management, recording, monitoring, tracking, and reporting.

c. Accounting and Financial Management Application

(See Contract Attachment D, Part 7.8)

In DDI Phase I, DDI Phase II and Phase III the Contractor will install and interface an Accounting and Financial Management application to automate many of the accounting and financial management interface processes between STARS, the Replacement TCMIS and the Bureau of TennCare Accounting and Finance unit. The Contractor will establish electronic funds transfer payment (EFT) capabilities to support EFT payments through the STARS system. Contractor staff will perform acceptance test planning and complete the acceptance tests and operational readiness testing for Phase I by 08/01/03.

d. Medical Policies and Procedures (See Contract Attachment D, Part 11.3).

In DDI Phase II this component of the Replacement TCMIS will host and support publishing, maintenance, distribution, and electronic access to the Medical Policies and Procedures of the Bureau of TennCare and the Medical Policies and Procedures of the Managed Care Contractor business partners.

e. Reference Data (See Contract Attachment D, Part 15.3).

In DDI Phase II the Contractor will implement all Reference Data files and process requirements of the Replacement TCMIS to support the processes of the system and provide access to timely, accurate code and pricing information in order to accurately process claims in accordance with TennCare policy.

6. Delete Section A.2.2. and its subsections of Attachment A in its entirety and insert the following in its place:

A.2.2. Phase II DDI and Phase III DDI

The second phase of the DDI of the Replacement TCMIS consists of all other components not required in the first phase of the DDI, except those items specified as Phase III, and is to be completed by November 30, 2003.

a. Claims and Encounter Processing (See Contract Attachment D, Part 5.3)

In DDI Phase II the Claims and Encounter Processing function will ensure that fee-for-service claims from enrolled providers and encounter data from Managed Care Contractors are received, tracked, processed, paid if appropriate, and reported accurately and in a timely manner.

b. Provider Enrollment (See Contract Attachment D, Part 4.3)

In DDI Phase II the Provider Enrollment and Data Maintenance function should encourage enrollment into the TennCare program by making enrollment an efficient process and by effective and cooperative provider relations. The Provider Enrollment and Data Maintenance function should encourage and facilitate the participation of qualified providers in the TennCare program. The desired Replacement TCMIS will ensure that enrolled TennCare providers are qualified to render specific services by requiring applicants to document state licensure and certification, federal participation requirements, and specialty board certification, if appropriate. In addition, the Replacement TCMIS will monitor the enrollment of health plan provider networks to ensure access and network adequacy.

c. Early Periodic Screening and Diagnostic Treatment (EPSDT) Tracking and Noticing (See Contract Attachment D, Part 10.3)

In DDI Phase II and Phase III the EPSDT component of the Replacement TCMIS must support the capture and maintenance of information related to EPSDT and immunization appointments and services. It must provide a mechanism to track whether or not enrollees who are eligible for these services receive screenings. The component must support the automated generation of follow-up or reminder correspondence or push "alerts" to appropriate individuals about upcoming or overdue appointments. The component must interface with the State Health Immunization Registry to send and receive update immunization information. The Bureau of TennCare requires a custom DDI of EPSDT and immunization tracking and noticing functions. Managed Care Contractors (MCCs) are generally responsible for assuring that a screening periodicity schedule is followed. This includes but is not limited to notifying clients to schedule screening appointments and identifying conditions that require referrals for treatment where appropriate. The Bureau of TennCare is currently planning to increase the oversight of managed care contractor EPSDT performance and is defining new strategies to assist clients in obtaining screening services. The Bureau of TennCare requires a reporting and noticing function to support MCCs in providing EPSDT services. The scope of TCMIS functionality includes generation of notices to clients and plans, electronic reports to MCCs regarding TennCare clients enrolled in their plan who require screening, and producing information regarding the EPSDT service history of new and existing TennCare clients enrolled in their plan. Additional reporting and data analysis support will be provided by the Data Warehouse to be procured in a separate RFP.

d. Contract Management (See Contract Attachment D, Part 8)

In DDI Phase III, the Contract Management component of the Replacement TCMIS must support the management of Bureau of TennCare contracts from initiation of proposed contracts with business partners through daily management and closure. The required features include a financial component that establishes the financial obligations of the contract, the funding amount, and monitoring of payments against funding levels. The ability to apply financial transactions (i.e. withholds, penalties, assessments, and releases) against future payments to yield "net" payment amounts is required.

e. Benefit Package Scope of Services (See Contract Attachment D, Part 3.3)

In DDI Phase II the Replacement TCMIS must support multiple benefit packages, store detailed information about the scope of services covered under each benefit package and allow an eligible client to elect, or be assigned, one or more benefit packages. Benefit packages may include a full range of services or a limited range of services, such as services covered under "carve outs". Benefit package data must include the scope of covered services by service category and within each category, the procedure codes that are covered and/or not covered. In addition, the system must support publication and maintenance of the detailed business rules, policies, and procedures of the covered services within each benefit package. The benefit package functionality required includes client assignment to and/or election of benefit packages based on eligibility categories, location, age and sex variables and family affiliations, editing client claims and encounters against covered benefits, and premium rate selection or calculation.

f. LTC Referrals, Service Plans, and Authorization (See Contract Attachment D, Part 6.3).

In DDI Phase II and DDI Phase III the system solution will support monitoring activities of the quality of long-term care and special waiver services provided to TennCare clients. The system will accept and process Pre Admission Authorization (PAE) request supported by management alerts for timeliness of processing requirements. The system must support client complaint, grievance, and appeal processes for clients seeking nursing facilities, ICF/MR, and HCBS waiver program services.

g. Facilities Manager Services (See Contract Attachment B, Part 7.2)

The Contractor must operate and maintain the Replacement TCMIS and perform related facilities management functions in accordance with all Federal, State, and Bureau of TennCare requirements. The facilities manager function is comprised of system operation, claims processing, mail room operations, file maintenance, system functionality processing, system and operational support, and user training.

The Contractor will provide the system maintenance function of the Replacement TCMIS. System maintenance will result from one of the following conditions: 1)

the need to make operational improvements or increase the operational efficiency to existing components of the Replacement TCMIS or 2) the correction of a deficiency in the Replacement TCMIS, whether identified by The Bureau of TennCare or by the Contractor. Additionally, the maintenance staff will provide any requested changes to the Replacement TCMIS that are maintenance requirements.

h. Modification and Enhancement Staffing (See Contract Attachment B, Part 8)

The Contractor will be required to provide modification and enhancement staffing to ensure that all State requested modifications and enhancements tasks can be completed in a timely manner. System modification and enhancement task will result when the State determines that additional functionality is needed that results in a material change to the Replacement TCMIS after the start of operations.

i. Document Imaging, Storage, and Retrieval (See Contract Attachment D, Part 14.3.3)

In DDI Phase II and DDI Phase III, the Document Imaging, Storage and Retrieval application will enable the Bureau of TennCare to scan, store and retrieve indefinitely, a permanent image of all correspondence, received and sent in a digitized image for five (5) years on -line retrieval (where the sent image is not generated and retrievable from the Replacement TCMIS letters and notices platform).

j. Eligibility/Enrollment (See Contract Attachment D, Part 2.3)

In DDI Phase II and Phase III all Eligibility/Enrollment Components as outlined in the Contract and RV sessions will be available. The Client Eligibility and Enrollment Data Repository will be implemented and will be the single source of eligibility data in the Replacement TCMIS. The repository will be used for all functions that require client eligibility information, disposition, and enrollment in Managed Care Contractor plans. All client eligibility information will be maintained in the repository. The repository will function to enroll and dis-enroll clients in Managed Care Contractor Plans. This eligibility file will also be used for the TennCare on-line Eligibility Verification System, an existing web browser function.

k. Program Integrity (See Contract Attachment D, Part 9.3).

In Phase II and Phase III the Program Integrity component will identify and report potential or suspected fraud and abuse and refer such information for investigation. This component will also edit eligibility, claims, and encounter

records for third party liability cost avoidance. The TPL function must provide capabilities to manage private health insurance, Medicare, Medicaid and other third -party resources of TennCare clients and ensure that TennCare is the payer of last resort. This function must work with a combination of cost-avoidance (claim denial) and cost recovery. To the maximum extent possible, the Replacement TCMIS shall use automated processes to maximize cost-avoidance.

l. Legal (See Contract Attachment D, Part 12.3).

In Phase III this component of the Replacement TCMIS will accept the Justice Information Center incarceration information, match new incarcerations to the TCMIS eligibility file, suspend eligibility of clients matched, identify the reason for suspense, and generate a report of actions, each time the incarceration file is received. Additionally, the system will interface with other State systems to exchange client appeal information.

m. Member Services (See Contract Attachment D, Part 13.3).

In Phase II and Phase III this component will implement the integrated Computerized Telephony System with the Replacement TCMIS and support call suspense management and history tracking through the Replacement TCMIS. The full integration of the Correspondence Management component and the Document Imaging component with the Replacement TCMIS will also be implemented in this component.

n. Complaint, Grievance, and Appeal Tracking System (See Contract Attachment D, 14.3.2).

In Phase III this component will implement the complaint, grievance and appeals recording, tracking and management system. Additionally, the contract shall implement an analysis component to trend and report complaints, grievances and appeals in the aggregate and by client, managed care contractor, and provider.

o. Electronic Commerce, EDI, and Internet Processing (See Contract Attachment D, Part 14.3.4).

In DDI Phase II and Phase III the Contractor shall implement electronic commerce services to include, virtual private network connectivity, electronic claims and remittances, and all electronic interfaces defined in Contract Attachment F. The system will maintain electronic transaction processing for the following functions: enrollment; eligibility; claims related transactions; encounter data; and coordination of benefits with other payors and carriers, including Medicare crossover claims, while ensuring compliance with HIPAA electronic data interchange (EDI) standards. The Contractor will implement internet information exchange services defined in DDI, Phase II and III through the State WEB portal vendor.

7. Delete Section B.3.2.1.7. (d) (4) of Attachment B in its entirety and insert the following in its place:

B.3.2.1.7. (d) (4) Claims history, including a minimum of claims history (fee-for-service and encounters) from January 1, 1994 to the present, shall be converted. Encounter claims history will be converted during DDI Phase II. Thirty-six (36) months of the claims history shall be available on-line and used during claims processing. The entire claims history shall be available for reporting and processing claims over two (2) years old. All claims needed to establish use of once-in-a-lifetime procedures and other benefit limitations shall also be converted and be available on-line.

8. Delete Section B.3.2.1.7. (d) (5) of Attachment B in its entirety and insert the following in its place:

B.3.2.1.7. (d) (5) Encounters history including a minimum of encounter history from January 1, 1994 to the present shall be converted. The entire encounter history shall be available for reporting. Three years must be available online. Encounter claims history shall be converted during DDI Phase II.

9. For purposes of estimated completion dates Section B.6.1 of Attachment B is amended as follows:

B.6.1.b. shall be amended by deleting "December 22, 2003" in the first line and replacing with "February 16, 2004" and by deleting "October 1, 2003" in the third line and replacing with "December 1, 2003" so that, as amended B.6.1.b. reads as follows:

- b. February 16, 2004 - The Replacement TCMIS, including all functional components needed to achieve Federal certification must be operational. If CMS does not certify the Replacement TCMIS retroactive to December 1, 2003, the Bureau of TennCare is in jeopardy of losing Federal financial participation.

B.6.1.b. shall be amended by replacing in the third line of the Task Description chart the End Date of "9-30-03" with "11-30-03"; by replacing in the fifth line the End Date of "12-22-03" with "2-16-04", by replacing in the sixth line the begin date of "10-1-03" with "12-1-03", by replacing in the seventh line the begin date of "4-1-04" with "6-1-04" and an End Date of "6-30-04" with "9-01-04".

| Task Description | Begin Date | End Date |
|---|-------------------|-----------------|
| Phase I – Design, Development and Implementation | 09-16-02 | 08-01-03 |
| Begin Phase I operations, including Facilities Manager Services to support Phase I components | 04-15-03 | 06-30-07 |
| Phase II – Design, Development and Implementation | 09-16-02 | 11-30-03 |
| Test HIPAA transactions | 04-16-03 | 09-30-03 |
| Phase III—Design, Development and Implement | 09-16-02 | 2-16-04 |
| Begin Phase II operations, including all Facilities Manager responsibilities | 12-01-03 | 06-30-07 |
| Complete Replacement TCMIS CMS certification review | 06-01-04 | 09-01-04 |

B.6.1. Shall be amended by deleting section “c” and replacing it with the following:

- c. Nothing in this or any other amendment shall prevent the State from assessing liquidated damages, or from collecting other damages that may be available, in accordance with the timeframes that were established in the Contract prior to execution of any amendments (the “Original Contract”) should EDS fail to meet the timeframes set forth in the Contract as amended by Amendments 1, 2 and 3 (the “Amended Contract”) in accordance with the terms and conditions of the Amended Contract. The State will continue to monitor and evaluate the Contractor’s performance in meeting the timeframes under the Amended Contract to determine whether the State will assess liquidated damages as provided in the Original Contract or otherwise. Amendments 1, 2 and 3 to the Contract extend certain End Dates and move certain tasks to later phases. If, however, the Contractor fails to meet any End Date and any other due date under the Amended Contract, or otherwise fails to conform in all respects to the Amended Contract, then the Contractor shall be liable for the higher of liquidated and other damages that accrued or accrue under either the Original Contract or the Amended Contract, based on the original End Dates and other original due dates.

10. Delete Section D.6.5. (a) (2) of Attachment D in its entirety and insert the following in its place:

- D.6.5. (a) (2) In DDI Phase III, mandated annual report to CMS (372) (will be due December 22, 2003).

11. Delete Section D.7.10. (e) of Attachment D in its entirety and insert the following in its place:

- D.7.10. (e) In DDI Phase III, CMS -21 report (will be due December 22, 2003).

12. Delete Section D.7.10. (f) of Attachment D in its entirety and insert the following in its place:

- D.7.10. (f) In DDI Phase III, CMS-64 report worksheets (hard copy and media reformatted to AP/AR Report format) (will be due December 22, 2003).

13. Delete Section D.7.10. (p) of Attachment D in its entirety and insert the following in its place:

- D.7.10. (p) In DDI Phase III, CMS 2082 (MSIS) report (will be due December 22, 2003).

14. Delete Section D.7.13. (l) of Attachment D in its entirety and insert the following in its place:

- D.7.13. (l) Produce, reconcile, and submit balancing and control reports that reconcile all claims, including encounter claims, entered into the system to the batch processing cycle input and output counts. This process should also apply to all claims, TADs, and encounter data accepted on-line real time. In DDI

Phase III, the reports shall be provided on-line and be made available as defined by the authorized user and include management level reports to account for all claims at all times. In DDI Phase III, all reports should also be made available via web portal if requested by authorized users. (will be due December 22, 2003)

15. Delete Section D.10.3.1. (k) of Attachment D in its entirety and insert the following in its place:

D.10.3.1. (k) In DDI Phase III, generate the quarterly and annual CMS 416 report. Segment the reports by traditional Medicaid, Uninsured and Uninsurable, and DCS client populations, which will be due December 22, 2003.

16. Delete Section D.10.5.1.(b) in its entirety and replace with the following:

D.10.5.1.(b) In DDI Phase III, mandated EPSDT Report (CMS 416) – Due December 22, 2003

17. Delete Section D.14.3.1.1 (w) of Attachment D in its entirety and insert the following in its place:

D.14.3.1.1(w) Speech recognition—Nuance or equivalent.

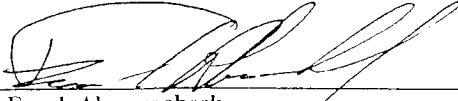
18. Delete Section D.14.3.5. of Attachment D in its entirety and insert the following in its place:

D.14.3.5. In DDI Phase III, Correspondence, Letter, and Notice Management (will be due December 22, 2003)

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:


Frank Abramcheck

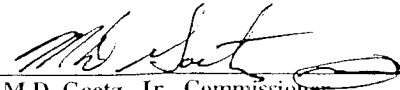
1 October 2003
Date

EDS Information Service, L. L. C. ("EIS"):


Frank Abramcheck

1 October 2003
Date

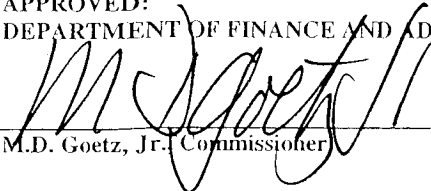
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M.D. Goetz, Jr., Commissioner

10/2/03
Date

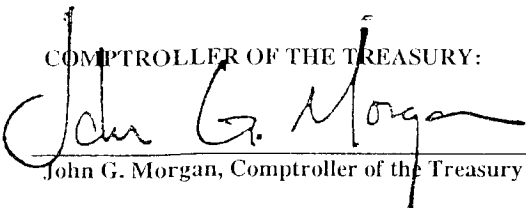
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M.D. Goetz, Jr., Commissioner

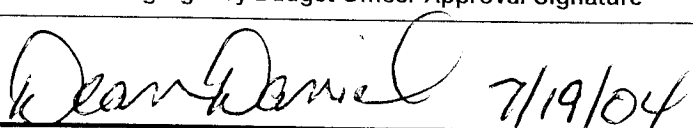
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

12-18-03
Date

C O N T R A C T S U M M A R Y S H E E T

| | | | | | | | |
|--|---|--|--------------------------------|---|---|----------------------|--|
| RFS Number: | | 318.65-080 | | Contract Number: | | FA-03-15069-04 | |
| State Agency: | | Department of Finance and Administration | | Division: | | Bureau of TennCare | |
| Contractor | | | | Contractor Identification Number | | | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | | | <input checked="" type="checkbox"/> V- <input checked="" type="checkbox"/> C- | | 752548221 06 | |
| Service Description | | | | | | | |
| Development, Implementation and Replacement TennCare Management Information System (TCMIS) | | | | | | | |
| Contract Begin Date | | | | Contract End Date | | | |
| 08/12/2002 | | | | 06/30/2007 | | | |
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code | |
| 318.65 | 180 | 134 | 11 | <input checked="" type="checkbox"/> on STARS | | | |
| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) | | |
| 2003 | \$1,732,924.21 | \$15,596,317.85 | | | \$17,329,242.06 | | |
| 2004 | \$2,774,088.71 | \$8,322,266.13 | | | \$11,096,354.84 | | |
| 2005 | \$3,277,312.31 | \$9,831,936.93 | | | \$13,109,249.24 | | |
| 2006 | \$3,262,210.48 | \$9,786,631.43 | | | \$13,048,841.91 | | |
| 2007 | \$3,268,365.00 | \$9,805,094.95 | | | \$13,073,459.95 | | |
| Total: | \$14,314,900.71 | \$53,342,247.29 | | | \$67,657,148.00 | | |
| CFDA # | 93.778 | | | Check the box ONLY if the answer is YES: | | | |
| State Fiscal Contact | | | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | | | |
| Name: | Dean Daniel | | | Is the Contractor a VENDOR? (per OMB A-133) | | | |
| Address: | 729 Church Street | | | <input checked="" type="checkbox"/> | | | |
| Phone: | Nashville, TN (615) 532-1362 | | | Is the Fiscal Year Funding STRICTLY LIMITED? | | | |
| Procuring Agency Budget Officer Approval Signature | | | | Is the Contractor on STARS? | | | |
|  7/19/04 | | | | Is the Contractor's FORM W-9 ATTACHED? | | | |
| | | | | Is the Contractors Form W-9 Filed with Accounts? | | | |
| COMPLETE FOR ALL AMENDMENTS (only) | | | | Funding Certification | | | |
| | Base Contract & Prior Amendments | This Amendment ONLY | | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | | | |
| END DATE → | 06/30/2007 | | | | | | |
| FY: 2003 | \$17,329,242.06 | | | | | | |
| FY: 2004 | \$11,096,354.84 | | | | | | |
| FY: 2005 | \$11,086,848.24 | \$2,022,401.00 | | | | | |
| FY: 2006 | \$10,916,408.91 | \$2,132,433.00 | | | | | |
| FY: 2007 | \$10,817,801.05 | \$2,255,658.90 | | <div style="font-size: 1.5em; opacity: 0.5;">Received</div> <div style="font-size: 1.2em; opacity: 0.5;">DEC 08 2004</div> <div style="font-size: 1.1em; opacity: 0.5;">Bureau of TennCare</div> | | | |
| Total: | \$61,246,655.10 | \$6,410,492.90 | | | | | |

**AMENDMENT NO 4
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU
AND**

Electronic Data Systems Corporation and EDS Information Service, L. L. C. ("EIS")

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the Contractor is hereby amended as follows:

1. Amend Section C.1.1 by deleting the first sentence in its entirety and insert the following sentence in its place:

In no event shall the maximum liability of the State under this Contract exceed sixty-seven million, six hundred fifty-seven thousand, one hundred forty-eight dollars (\$67,657,148.00) for professional services pursuant to this Contract (*id.est.*, implementation Phase I, II and III, facilities manager services and maintenance staffing).

2. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Pass-Through Cost Payments-The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments—The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I and Phase II as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for project milestones for the amount stipulated, provided, however, that payment by the State to Contractor does not indicate approval of such milestones, which may only be evidenced by an signed State approval letter for each deliverable. In the event that the milestone is never approved by the State because the Contractor failed to perform its obligations under this Contract, the State does not waive any rights provided herein.

| PHASE: | MILESTONE PAYMENT |
|--|------------------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (1% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (3% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (4% of the grand total for DDI milestone payments) | \$ 764,007.59 |
| DDI PHASE II: | |
| Design Kick-off Phase (7% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (21% of the grand total for DDI milestone payments) | \$ 4,057,067.41 |
| Construction Phase (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Acceptance Testing (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Implementation (20% of the grand total for DDI milestone payments) | \$ 3,811,272.09 |
| DDI PHASE III | |
| Design Phase 2% | \$ 319,488.59 |
| Construction Phase 1% | \$ 180,079.52 |
| Acceptance Phase 1% | \$ 180,079.52 |
| Implementation Phase 2% | \$ 300,132.54 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I, DDI Phase II and Phase III (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,412,411.69 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for the functionalities, as described in the Original Contract as amended by Amendment No. 2 and or Amendment No. 3, for the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for costs incurred by the Bureau of TennCare to continue current operations. Additionally, the Contractor shall forfeit any claims to reimbursement of monthly Facilities Management Services payments for that month and each month thereafter until the Contract Administrator approves operational readiness

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|--|----------------------------------|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—11/30/2003 | \$433,333.33 |
| Facilities Manager Services (contract section A.5) 12/1/2003—6/30/2004 | \$ 6,753,297.78 |
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |

Medical Eligibility (ME) Services, as described in Attachment B.7.2.(s), compensation shall be based on the Payment Amounts detailed below (Medical Eligibility Processing) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| MEDICAL ELIGIBILITY PROCESSING | MAXIMUM AMOUNT PER PERIOD |
|---------------------------------------|----------------------------------|
| ME Services 7/1/2004—6/30/2005 | \$1,415,499.00 |

| | |
|---------------------------------------|----------------|
| ME Services 7/1/2005—6/30/2006 | \$1,489,362.00 |
| ME Services 7/1/2006—6/30/2007 | \$1,574,248.00 |

Production Servers Support, as described in Attachment B.7.2.(t), compensation shall be based on the Payment Amounts detailed below (Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| PERIOD OF PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|--------------------------------------|
| Production Server Support 7/1/2004—6/30/2005 | \$219,255 |
| Production Server Support 7/1/2005—6/30/2006 | \$232,316 |
| Production Server Support 7/1/2006—6/30/2007 | \$246,161 |

Non Production Servers Support, as described in Attachment B.7.2.(u), compensation shall be based on the Payment Amounts detailed below (Non Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| PERIOD OF NON PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|--------------------------------------|
| Non Production Server Support 7/1/2004— 6/30/2005 | \$387,647 |
| Non Production Server Support 7/1/2005— 6/30/2006 | \$410,755 |
| Non Production Server Support 7/1/2006— 6/30/2007 | \$435,250 |

Modification and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order (Systems/Project Change Request) work based on the hourly rates below, in a total amount for each change request not to exceed the written estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

All Systems/Project Change Requests submitted for implementation and approval must include timeframes, FTE hours, and other needed resources which have been mutually agreed upon by TennCare and the Contractor. The Contractor must have TennCare approval prior to beginning any work on a change request. Should TennCare or the Contractor determine that any changes in hours, resources or time-frames are needed, an amended change request must be submitted to TennCare for approval.

TennCare will continue to monitor the on-going hourly cost of System/Project Change Requests and will determine the number of FTE's needed to convert this function from an hourly rate to FTE's. Should it become apparent that it would be in the best interest of the State for EDS to add full time staff for this function, the State and EDS, by mutual agreement, will negotiate an Amendment to this Contract.

NOTE: The Contractor shall not be compensated for travel time to the primary location of service provision.

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE Start— 6/30/2003 | HOURLY RATE 7/1/2003— 6/30/2004 | HOURLY RATE 7/1/2004— 6/30/2005 | HOURLY RATE 7/1/2005— 6/30/2006 | HOURLY RATE 7/1/2006— 6/30/2007 |
|--|---|--|--|--|--|
| Senior Systems Analyst (10+ years) | \$ 87.28 | \$ 89.37 | \$ 91.52 | \$ 93.72 | \$ 95.97 |
| Systems Analyst (1-9 years) | \$ 84.63 | \$ 86.66 | \$ 88.74 | \$ 90.87 | \$ 93.05 |

| | | | | | |
|--|----------|----------|----------|----------|----------|
| Programmer Analyst III (5+ years) | \$ 69.75 | \$ 71.42 | \$ 73.14 | \$ 74.89 | \$ 76.69 |
| Programmer Analyst II (2-4 years) | \$ 65.00 | \$ 66.56 | \$ 68.16 | \$ 69.79 | \$ 71.47 |
| Programmer Analyst I (0-1 years) | \$ 57.50 | \$ 58.88 | \$ 60.29 | \$ 61.74 | \$ 63.22 |
| Documentation Specialists | \$ 43.66 | \$ 44.71 | \$ 45.78 | \$ 46.88 | \$ 48.00 |

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|---------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniels Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

3. **Add Section B.7.2. (s) to Attachment B:**

s. **Medical Eligibility Processing**

1. Inbound ME packet operational processing – Activities are limited to opening, sorting, batching, scanning, data entry, filing, storing and retrieving packets.
 - a. Retrieve ME Packets from the post office twice daily
 - b. Sort ME Packets from any other mail
 - c. Open the packets with an opening machine
 - d. Deliver packets to the specialize ME processing clerks
 - e. Remove packets from the envelopes
 - f. Prepare batches for scanning including copying checks, creating batch headers sheets, and validating packet completeness
 - g. Scan and index packets
 - h. Research packets and enter the data into the system
 - i. Return incomplete packets
 - j. Prepare packets for shipment to the underwriter
 - k. Track undeliverables

2. Internal ME packet operational processing – Activities include researching, copying, filing, and other activities as directed by the State
 - a. File packets according to operational procedures which include segmenting by type, date received, completeness, and other specific criteria as defined by the state
 - b. Respond to requests from the state for copies of specific packets
 - c. Perform research into the status of packets as directed by the state which may include utilizing the system, searching physical files, searching microfilm, and searching scanned documents
 - d. Storage , retrieval and preparation of logs for all checks received, returned and forwarded to the state
3. Outbound ME packet operational processing
 - a. Process ME Return To Enrollee (RTE) letters which includes creating, validating, stuffing, sealing and applying postage
 - b. Retrieval of checks from the vault for incomplete packet or state processing
 - c. Ship packets to the underwriter which includes, generating logs, faxing the log to the underwriter, QC steps, packing and shipping via UPS

4. Add Section B.7.2. (t) to Attachment B:

(t) Production Server Support

1. The Contractor will provide 2 FTE's to support the Production Windows Dell servers located outside of the OIR data center. This includes the RRI servers located at 729 Church, the AVRS and Nice servers at 706 Church St, and the Nice server at the Tennessee Prison for Women. In addition, this includes support for the Kodak Scanstations at 729 Church, except for the PC hardware and PC OS. Movement of any of the Servers to a different location will not affect the terms of this Section of the Contract. The Contractor will prepare the supported servers for moving to the new TennCare building location and reinstalling the servers in the new location.
2. The Contractor will not be responsible for any hardware, software, support tools, or hardware maintenance agreement costs for any of the servers.
3. The Contractor will be responsible for the following specific activities:
 - a. Hardware operations and system administration of RRI, Nice, Siebel T-Servers, AEM and AVRS intervoice servers, including maintaining the operating systems, hardware and software patch levels;
 - b. Manage backup of the production servers at 729 and 706 Church Street included in the IM implementation footprint servers and coordinate offsite storage;
 - c. Manage restore of data from backup when necessary;
 - d. Management of data storage at 706 and 729 Church Street;
 - e. Respond to NOSC alarms/alerts for all identified servers;
 - f. Support Hot Site Disaster Recovery testing for operating environment - HW/SW;

- g. Support for Scanners and Interfaces hardware to Scanstations; and
- h. Management of the connectivity to integrate the activities of the servers where required for operations.

5. Add Section B.7.2. (u) to Attachment B:

(u) Non-Production Server Support:

1. The Contractor will provide 3.2 FTE's to support the Non-Production TCMIS environments for Development, Training and Test/UAT servers located outside of the OIR data center. This includes all the Sun and Dell servers located at 729 Church Street and 706 Church Street. Movement of any of the Servers to a different location will not affect the terms of this Section of the Contract. The Contractor will prepare the supported servers for moving to the new TennCare building location and reinstalling the servers in the new location. It is the responsibility of the State to be responsible for physically moving the servers from one building location to another building location.
2. The Contractor will not be responsible for any hardware, software, utilities, support tools, or hardware maintenance agreement costs for any of the servers.
3. The Contractor will be responsible for the following specific activities:
 - a. First line support for all hardware operations and system administration of the non-production Sun and Dell servers, including maintaining the operating systems, hardware, software patch levels, and antivirus protection levels. This includes support for related network switches as listed in Attachment L.;
 - b. Manage backup of the non-production servers at 729 and 706 Church Street and coordinate offsite storage;
 - c. Manage restore of data from backup when necessary;
 - d. Management of data storage at 706 and 729 Church Street;
 - e. Respond to NOSC alarms/alerts for all identified servers;
 - f. Support Hot Site Disaster Recovery testing for operating environment - HW/SW;
 - g. Management of the connectivity to integrate the activities of the servers where required for operations; and
 - h. Provide support for the infrastructure database of all TCMIS assets and support contact information for the OIR Help Desk and Data Center.

6. Add Section B.7.3. (f) to Attachment B:

f. Medical Eligibility Processing

The contractor will provide 13.8 positions as listed below by role and quantities of personnel to

support Medical Eligibility Processing. Staff provided will be in accordance with the Medical Eligibility Processing Proposal submitted to the State. The staffing levels provided are full time equivalent (FTE) which equates to 173 hours per month to include holidays, vacations, time away from work due to illness, leaves of absence, and other administrative/business activities

| | |
|---------------|--|
| Role or Title | Data Entry/Clerical Support - 11 FTE |
| Role or Title | Systems Support – Systems Engineer – 0.5 FTE |
| Role or Title | Systems Support – Business Analyst – 2 FTE |
| Role or Title | Production Control – Data Control Specialist – 0.3 |

7. Amend E.30, Change Orders, in its entirety to read as follows:

E.30 Change Orders. The State may with written notice to the Contractor, request changes to work products within the general scope of the Contract. Requested changes may include modifications to the functional requirements and processing procedures or other modifications specifically required by new or amended Federal or State laws and regulations, as further described in Section B.8.1 Attachment B to this Contract, System Modifications and Enhancements. (However, any corrections of system deficiencies relating to requirements outlined in the RFP and any investigation necessary to determine the source of the problem will not be considered Change Orders and are the Contractor's responsibility to make without charge to the State. Refer to Warranty Period, Section E.32 of this Contract.) More specifically, Change Orders may result from either Project Change Requests (PCRs) or System Change Requests (SCRs), which are defined as follows:

- 1) PCR: request for an addition or modification to initially contracted system requirements. PCRs are initiated against a system currently under development.
- 2) SCR: request for an addition or modification to system requirements for the system as documented in the system's Detailed System Design (DSD). SCRs are initiated against a system currently in a production mode of operation.

The terms change request and change order may be used interchangeably.

E.30.1 The written change order issued by the State shall specify whether the change is to be made on a certain date or placed into effect only after State approval of the Contract costs statement as described in the following paragraph.

E.30.2 As soon as possible after receipt of a written change order, but in no event more than fifteen (15) calendar days thereafter, the Contractor shall provide the State with a written statement that the change has no price impact on the Project, or that there is a price impact, in which case the statement shall included a description of the price increase or decrease involved in implementing the change. The cost or credit to the State resulting in a change in the work shall specify the total cost calculated by multiplying the number of staff-hours required to complete the change times the corresponding hourly rate from the portion of Section C.3 of the Contract entitled Modification and Enhancement Staffing. The number and classification of personnel proposed to complete the change must also be included. It is assumed that the Contractor may price some change orders at a lesser total cost than that appearing in the written statement due to the nature of the change or the number of hours required to effect the change. After the

Bureau's acceptance or modification of the change request, including approval of the number of hours and personnel required, the Bureau of TennCare and Contractor shall mutually agree and assign a completion date. Should TennCare or the Contractor determine that any further changes in hours, resources or time-frames related to that request are needed, an amended change request must be completed and approved.

In certain instances, the Contractor may initiate and submit a change request to the State; however, the Contractor must have TennCare approval prior to beginning any work on such a change request.

8. Add to attachments Attachment L.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

Attachment L

| Environment | Subsystem | Description | Make/Model | Location | Name | Serial Number |
|----------------|-------------------------|---|------------------------------------|----------------|----------------------|----------------------------|
| Non-Production | InterChange Development | Development/dstnsun0 interChange | Sun SunFire 4800 | DDI | dstnsun0 | 239H27C3 |
| Non-Production | InterChange Development | KVM Switch | Dell KVM Switch | DDI | na | KVM switch - no sn visible |
| Non-Production | Information Management | Development/FileNet NAS PowerVault 775N | Dell PowerVault 775N (with PE2650) | DDI | usnvscts001 | JC5LK21 |
| Non-Production | Information Management | CTS Development | Dell PowerEdge 2650 | DDI | usnvdcts002 | |
| Non-Production | Information Management | Siebel Development Server | Dell PowerEdge 2650 | 706 Church St. | dc5719wat2.nash.tenn | GCCKP21 |
| Non-Production | Information Management | Siebel Development Server | Dell PowerEdge 2650 | 706 Church St. | dc5719wat3.nash.tenn | DCCKP21 |
| Non-Production | Information Management | Siebel Development Server | Dell PowerEdge 2650 | 706 Church St. | dc5719wat1.nash.tenn | FCCKP21 |
| Non-Production | Information Management | Development, Test, UAT, MO/ Web Server (Kevin Cai Web Server) | Dell PowerEdge 2650 | DDI | DC5719WW1 | 9RKJR21 |
| Non-Production | Information Management | Development, Test, UAT, MOWeb Server | Dell PowerEdge 2650 | DDI | DC5719WW2 | BRKJR21 |
| Non-Production | Information Management | Development, Test Production/DDI Operations | PowerVault 132T | DDI | na | DDI PV132T |
| Non-Production | Information Management | Development/Business Objects Fraud & Abuse 2 | Dell PowerEdge 2650 | DDI | USNVSXIX004 | 45V2921 |
| Non-Production | Information Management | Development/Business Objects Fraud & Abuse 1 | Dell PowerEdge 2650 | DDI | USNVSXIX003 | C5V2921 |
| Non-Production | Information Management | Development, Test/Project Workbook | Dell PowerEdge 2650 | DDI | USNVSXIX02 | 6MT5321 |
| Non-Production | Information Management | Development, Test, UAT, MO/Backup | Dell PowerEdge 2650 | DDI | USNVSXIX01 | 4MRC121 |
| Non-Production | Information Management | Development, Test, UAT, Training, MO, Production/Domain Controller/Shared Drive | Dell PowerEdge 2650 | DDI | USNVDXIX02 | 5MRC121 |
| Non-Production | Information Management | Development, Test, UAT, Training, MO, Production/Main Domain Controller/Personal Drives | Dell PowerEdge 2650 | DDI | USNVDXIX01 | GR7D121 |

| | | | | | | |
|----------------|-------------------------|---|------------------------------------|----------------|----------------|--------------|
| Non-Production | Information Management | Development Rack for Siebel Development Servers | Dell 4210 Rack | 706 Church St. | na | J9VKQ21 |
| Non-Production | InterChange Development | Development (supports dstnsun0 server) | Qualstar 8222 Tape Library | DDI | na | 221145 |
| Non-Production | Information Management | Cisco Switch | Cisco Switch | DDI | na | CHK0639V2W6 |
| Non-Production | Information Management | Cisco Switch | Cisco Switch | DDI | na | CHK0639W0KT |
| Non-Production | Information Management | Cisco Switch for Test/Information Mgt System | Cisco Switch | 729 Church St. | na | FHK0728Y1XH |
| Non-Production | Information Management | Development/FileNet NAS PowerVault 775N | Dell PowerVault 220S (part of NAS) | DDI | not applicable | DYZLK21 |
| Non-Production | Information Management | Development/FileNet NAS PowerVault 775N | Dell PowerVault 220S (part of NAS) | DDI | not applicable | GYZLK21 |
| Non-Production | IM Development | UAT/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WA35 | 9VSR731 |
| Non-Production | IM Development | Not currently being used | APC Smart UPS 2200 | 729 Church | na | XS9853015841 |
| Non-Production | IM Development | Development, MO, Training/Siebel | Sun V880 | 729 Church | dstnsun10 | 251V034F |
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0324110469 |
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0324110468 |
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0303110354 |
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | PV 132T | 729 Church | na | DX91P21 |
| Non-Production | IM Development | UAT/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WA34 | 9ZTR731 |
| Non-Production | IM Development | UAT/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WA33 | BZTR731 |
| Non-Production | IM Development | Development, MO, UAT/Siebel Web | Dell PowerEdge 2650 | 729 Church | DC5719WW21 | 6VSR731 |
| Non-Production | IM Development | Development/FileNet Application | Dell PowerEdge 2650 | 729 Church | DC5719WA28 | B67T731 |
| Non-Production | IM | Training/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WW3 | DZTR731 |

| Production | Development | | | Church | 1 | |
|----------------|----------------|--|---|------------|-------------|----------------------------|
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | Dell PowerEdge 1650 | 729 Church | DC5719WA3 6 | FJXLQ21 |
| Non-Production | IM Development | UAT/Siebel (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0303110358 |
| Non-Production | IM Development | MO/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WW3 0 | HGJW731 |
| Non-Production | IM Development | Development/Siebel Application | Dell PowerEdge 2650 | 729 Church | DC5719WA3 2 | 7VSR731 |
| Non-Production | IM Development | Development, UAT, MO, MO (supports everything in rack) | KBM Flat Panel Monitor | 729 Church | na | 6H507 |
| Non-Production | IM Development | Development, Test - Domain Controller | Dell PowerEdge 2650 | 729 Church | | GRKJR21 |
| Non-Production | IM Development | Development/FileNet Fax | Dell PowerEdge 2650 | 729 Church | DC5719WA2 7 | D67T731 |
| Non-Production | IM Development | Development/FileNet Application | Dell PowerEdge 2650 | 729 Church | DC5719WW2 6 | CGJW731 |
| Non-Production | IM Development | MO/FileNet Web | Dell PowerEdge 2650 | 729 Church | DC5719WW2 5 | 1HJW731 |
| Non-Production | IM Development | UAT/FileNet Web | Dell PowerEdge 2650 | 729 Church | DC5719WW2 4 | G67T731 |
| Non-Production | IM Development | Development/FileNet Web | Dell PowerEdge 2650 | 729 Church | DC5719WW2 3 | H67T731 |
| Non-Production | IM Development | Development, UAT, MO/Siebel Web | Dell PowerEdge 2650 | 729 Church | DC5719WW2 2 | CZTR731 |
| Non-Production | IM Development | UAT/FileNet | Dell PowerEdge 2650 | 729 Church | DC5719WB2 9 | JGJW731 |
| Non-Production | IM Development | MO/FileNet | Sun 280R | 729 Church | dstnsun15 | 322AD1BFA |
| Non-Production | IM Development | IM Development | DL42 Rack for the IM Development System | 729 Church | na | DZWR731 |
| Non-Production | IM Development | Development, UAT, MO, MO (supports everything in rack) | KVM Switch | 729 Church | na | KVM switch - no sn visible |
| Non-Production | IM Development | Development, MO, UAT, Test (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0324110461 |
| Non-Production | IM Development | UAT/Siebel | Sun V880 | 729 Church | dstnsun11 | 235V02CB |
| Non-Production | IM Development | Development, UAT, MO, MO (supports everything in rack) | KVM Switch | 729 Church | na | KVM switch - no sn visible |

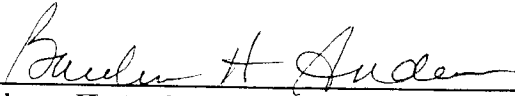
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|----------------|----------------|--|----------------------|----------------|----------------------------|-----------------------|
| Non-Production | IM Development | UAT/FileNet | Sun 280R | 729 Church | dstnsun14 | 322AD299C |
| Non-Production | IM Development | Development/FileNet | Sun 280R | 729 Church | dstnsun13 | 323AD181B |
| Non-Production | IM Development | Development/FileNet | Sun 280R | 729 Church | dstnsun12 | 323AD1BC9 |
| Non-Production | IM Development | Development, UAT, MO (supports everything in rack) | Sun Rack model 1602R | 729 Church | na | Sun Rack 1602R |
| Non-Production | IM Development | Development, MO, UAT, Test (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0324210519 |
| Non-Production | IM Development | Development, MO, UAT, Test (supports everything in rack) | APC Smart UPS 3000 | 729 Church | na | YS0324110460 |
| Non-Production | IM Development | IM Development | DL 42 rack | 729 Church | dc5719wat3.nash.tenn | DL 42 rack - 2nd rack |
| Non-Production | IM Development | Development, Test | Dell PowerEdge 2650 | 729 Church | DC5719SIEB EL3 | 4XTMR21 |
| Non-Production | IM Development | Development, Test | Dell PowerEdge 2650 | 729 Church | DC5719SIEB EL4 | 5MT5321 |
| Production | AEM-CTS | NICE Supervision | Gateway Desktop | 706 Church St. | DC5719WJ72 204 | GW Desktop |
| Production | AEM-CTS | IIS/FTP and RightFax Server | Dell PowerEdge 2650 | 706 Church St. | DC5719WA0 3 | BXMRK21 |
| Production | AEM-CTS | Domain Controller | Dell PowerEdge 1650 | 706 Church St. | DC5719WJ72 115-1.nash.tenn | 2KXLQ21 |
| Production | AEM-CTS | NICE Voice Logger | NICE Intel Server | TPFW | na | NICE Intel Server 4 |
| Production | AEM-CTS | NICE Voice Logger | NICE Intel Server | 706 Church St. | LOGGER-3633801 | NICE Intel Server 3 |
| Production | AEM-CTS | Domain Controller | Dell PowerEdge 1650 | 706 Church St. | DC5719WA1 3 | Dell PE 1650 |
| Production | AEM-CTS | NICE Web Server | NICE Intel Server | 706 Church St. | AEM01 | NICE Intel Server 1 |
| Production | AEM-CTS | AEM CTI/CVCT Server | Dell PowerEdge 2650 | 706 | DC5719WA1 | HXMRK21 |

| | | | | | | | | |
|------------|--------------------|---|--|-----------------------------------|----------------|--|---------------------|--|
| Production | AEM-CTS | AEM Performance Analyst (Historical) | | Dell PowerEdge 2650 | Church St. | 2 | | |
| Production | AEM-CTS | AEM Performance Analyst (Real Time; Times Ten DB) | | Dell PowerEdge 2650 | 706 Church St. | DC5719WB05 | 82HRK21 | |
| Production | AEM-CTS | AEM Flow Agent 2 (Non-Call) | | Dell PowerEdge 2650 | 706 Church St. | DC5719WB00 | JTXVG21 | |
| Production | AEM-CTS | AEM Flow Agent 1 (OnLine, Call) | | Dell PowerEdge 2650 | 706 Church St. | DC5719WA04 | 9NV9K21 | |
| Production | AEM-CTS | AEM Database Server | | Dell PowerEdge 2650 | 706 Church St. | EDS-JWF4PYVSBW0.nash.tenn | 5YMRK21 | |
| Production | AEM-CTS | AEM NetHome Server | | Dell PowerEdge 2650 | 706 Church St. | DC5719WB04 | 62HRK21 | |
| Production | AEM-CTS | NICE CLS Server | | NICE Intel Server | 706 Church St. | DC5719WA00 | CGNRK21 | |
| Production | AEM-CTS | Tape Library/Backup System | | Dell PowerVault 132T Tape Library | 706 Church St. | CLS3633802 | NICE Intel Server 2 | |
| Production | AEM-CTS - Training | DC and All AEM functions (Training Integrated) | | Dell PowerEdge 2650 | 706 Church St. | na - SCSI connection directly to servers | G37G921 | |
| Production | AVRS | AVR1 | | InterVoice-Brite M500 | 706 Church St. | DC5719WB06 | 1NCKM21 | |
| Production | AVRS | AVR2 | | InterVoice-Brite M500 | 706 Church St. | IVI-10009817 | IVI-10009817 | |
| Production | AVRS | InterVoice-Brite Text-to-Speech | | Dell PowerEdge 1650 | 706 Church St. | IVI-10009816 | IVI-10009816 | |
| | | | | | | 40000372 | BS1JL21 | |

| | | | | | | |
|------------|-------------|--------------------------------------|-----------------------------------|----------------|--|----------|
| Production | interChange | Terminal Server For MailMerge Server | Dell PowerEdge 2650 | 729 Church St. | DC5719WA3 7 | DRKJR21 |
| Production | RRI Imaging | RRI Store Output | Dell PowerEdge 1650 | 729 Church St. | DC5719WA0 7 | 6R9KC21 |
| Production | RRI Imaging | RRI Inventory Report | Dell PowerEdge 1650 | 729 Church St. | DC5719WB0 3 | J1DZC21 |
| Production | RRI Imaging | Backup Tape Library | Dell PowerVault 132T Tape Library | 729 Church St. | na - SCSI connection directly to servers | J1J0P11 |
| Production | RRI Imaging | RRI Background Worker | Dell PowerEdge 1650 | 729 Church St. | DC5719WA0 8 | DQPVC21 |
| Production | RRI Imaging | RRI Background Worker | Dell PowerEdge 1650 | 729 Church St. | DC5719WA0 6 | BQPVC21 |
| Production | RRI Imaging | RRI Scanner - Model K4173-2569 | Kodak Scanner | 729 Church St. | not applicable | 12102462 |
| Production | RRI Imaging | RRI Scanner - Model K4173-2569 | Kodak Scanner | 729 Church St. | not applicable | 12102451 |
| Production | RRI Imaging | RRI Background Worker | Dell PowerEdge 1650 | 729 Church St. | DC5719WA0 5 | FQPVC21 |
| Production | RRI Imaging | RRI QManager | Dell PowerEdge 1650 | 729 Church St. | DC5719WA0 9 | 52R3P31 |
| Production | RRI Imaging | RRI Test / Backup Host | Dell PowerEdge 1650 | 729 Church St. | DC5719WA1 0 | FP9KC21 |
| Production | RRI Imaging | RRI Stand Alone Scanner | Fujitsu FI-4220C | DDI - temp | 601904 | |
| Production | RRI Imaging | RRI Stand Alone Scanner | Fujitsu FI-4220C | DDI - temp | ? | |

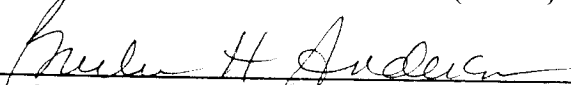
IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:



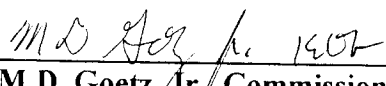
Barbara H. Anderson Date 11-5-2004

EDS Information Service, L. L. C. ("EIS"):



Barbara H. Anderson Date 11-5-2004

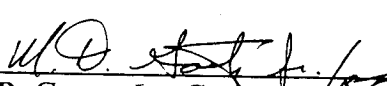
DEPARTMENT OF FINANCE AND ADMINISTRATION:



M.D. Goetz, Jr., Commissioner Date 11/15/04

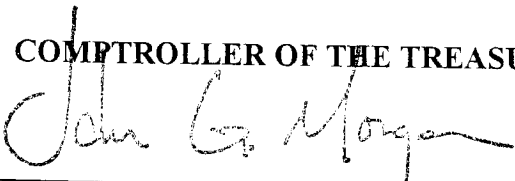
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:



M.D. Goetz, Jr., Commissioner Date 11/16/04

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treasury Date 11/18/04

C O N T R A C T S U M M A R Y S H E E T

| | | | |
|--|--|--|--------------------|
| RFS Number: | 318.65-080 | Contract Number: | FA-03-15069-05 |
| State Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |
| Contractor | | Contractor Identification Number | |
| Electronic Data Systems Corporation and EDS Information Services, L.L.C. (EIS) | | <input checked="" type="checkbox"/> V- <input checked="" type="checkbox"/> C- | 752548221 06 |

Service Description

Development, Implementation and Replacement TennCare Management Information System (TCMIS)

| | |
|----------------------------|--------------------------|
| Contract Begin Date | Contract End Date |
| 08/12/2002 | 06/30/2007 |

| | | | | | | |
|-----------------------|--------------------|--------------------|-------------|--|-------------------|----------------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| 318.65 | 180 | 134 | 11 | <input checked="" type="checkbox"/> on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|------------------------|------------------------|-------------------------|---------------|---|
| 2003 | \$1,732,924.21 | \$15,596,317.85 | | | \$17,329,242.06 |
| 2004 | \$2,774,088.71 | \$8,322,266.13 | | | \$11,096,354.84 |
| 2005 | \$3,693,977.31 | \$11,081,931.93 | | | \$14,775,909.24 |
| 2006 | \$3,678,875.48 | \$11,036,626.43 | | | \$14,715,501.91 |
| 2007 | \$3,685,034.99 | \$11,055,104.96 | | | \$14,740,139.95 |
| Total: | \$15,564,900.70 | \$57,092,247.30 | | | \$72,657,148.00 |

| | | | |
|---|--------|---|---|
| CFDA # | 93.778 | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact Name: Scott Pierce Address: 729 Church Street Phone: Nashville, TN (615) 532-1362 | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| | | Is the Contractor a VENDOR? (per OMB A-133) | X |
| | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Procuring Agency Budget Officer Approval Signature Scott Pierce | | Is the Contractor on STARS? | X |
| | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractors Form W-9 Filed with Accounts? | X |

| COMPLETE FOR ALL AMENDMENTS (only) | | |
|------------------------------------|----------------------------------|-----------------------|
| | Base Contract & Prior Amendments | This Amendment ONLY |
| END DATE → | 06/30/2007 | |
| FY: 2003 | \$17,329,242.06 | |
| FY: 2004 | \$11,096,354.84 | |
| FY: 2005 | \$13,109,249.24 | \$1,666,660.00 |
| FY: 2006 | \$13,048,841.91 | \$1,666,660.00 |
| FY: 2007 | \$13,073,459.95 | \$1,666,680.00 |
| Total: | \$67,657,148.00 | \$5,000,000.00 |

Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

RECEIVED
 2005 JUN 14 AM 10:07
 CLERK OF THE COURT
 MANAGEMENT SERVICES

**AMENDMENT NO 5
TO CONTRACT
FA-03-15069-00
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
TENNCARE BUREAU
AND**

Electronic Data Systems Corporation and EDS Information Service, L. L. C. ("EIS")

This Contract, by and between the State of Tennessee, Department of Finance and Administration, Bureau of TennCare, hereinafter referred to as the State and Electronic Data Systems Corporation and EDS Information Service, L.L.C. ("EIS") hereinafter referred to as the Contractor is hereby amended as follows:

1. Delete Section C.1.1. in its entirety and insert the following in its place:

In no event shall the maximum liability of the State under this Contract exceed seventy-two million, six hundred fifty-seven thousand, one hundred forty-eight dollars (\$72,657,148.00) for professional services pursuant to this Contract (*id.est.*, implementation Phase I, II and III, facilities manager services and maintenance staffing). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. Delete Section C.3. in its entirety and insert the following in its place:

C.3. Pass-Through Cost Payments-The State shall reimburse the Contractor for pass-through costs on the basis of actual cost. Pass-through costs shall not include any overhead, administrative, or other fee or commission. The Contractor shall petition the State for a reimbursement of pass-through costs on a monthly basis, in addition to the regular invoice for professional services provided pursuant to this Contract. The monthly petition for reimbursement of pass-through costs shall include substantiating documentation.

Professional Service Payments—The State shall compensate the Contractor based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

TCMIS Replacement Design, Development, and Implementation compensation shall be based on the Milestone payments for each component of DDI Phase I and Phase II as detailed below for units of service authorized by the State. The Contractor shall submit invoices no more often than monthly, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for project milestones for the amount stipulated, provided, however, that payment by the State to Contractor does not indicate approval of such milestones, which may only be evidenced by a signed State approval letter for each deliverable. In the event that the milestone is never approved by the State because the Contractor failed to perform its obligations under this Contract, the State does not waive any rights provided herein.

| PHASE: | MILESTONE PAYMENT |
|--|------------------------------|
| DDI PHASE I: | |
| Design Kick-off Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Design Phase (3% of the grand total for DDI milestone payments) | \$ 595,578.10 |
| Construction Phase (1% of the grand total for DDI milestone payments) | \$ 171,864.28 |
| Acceptance Testing (3% of the grand total for DDI milestone payments) | \$ 509,338.39 |
| Implementation (4% of the grand total for DDI milestone payments) | \$ 764,007.59 |
| DDI PHASE II: | |
| Design Kick-off Phase (7% of the grand total for DDI milestone payments) | \$ 1,379,410.48 |
| Design Phase (21% of the grand total for DDI milestone payments) | \$ 4,057,067.41 |
| Construction Phase (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |

| PHASE: | MILESTONE PAYMENT |
|--|------------------------------|
| Acceptance Testing (12% of the grand total for DDI milestone payments) | \$ 2,286,763.25 |
| Implementation (20% of the grand total for DDI milestone payments) | \$ 3,811,272.09 |
| DDI PHASE III | |
| Design Phase 2% | \$ 319,488.59 |
| Construction Phase 1% | \$ 180,079.52 |
| Acceptance Phase 1% | \$ 180,079.52 |
| Implementation Phase 2% | \$ 300,132.54 |
| TCMIS CERTIFICATION: | |
| TCMIS Certification for DDI Phase I, DDI Phase II and Phase III (10% of the grand total for DDI milestone payments) | \$ 1,974,988.58 |
| GRAND TOTAL OF ALL DDI MILESTONE PAYMENTS: | \$ 19,412,411.69 |

Facilities Manager Services compensation shall be based on the Payment Amounts detailed below for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

If, for any reason, the Contractor does not fully meet the operational start date for the functionalities, as described in the Original Contract as amended by Amendment No. 2 and or Amendment No. 3, for the Replacement TCMIS phases, and a contract amendment delaying this date or start-up of a portion of the processing requirements listed has not been approved, then the Contractor shall be liable for costs incurred by the Bureau of TennCare to continue current operations. Additionally, the Contractor shall forfeit any claims to reimbursement of monthly Facilities Management Services payments for that month and each month thereafter until the Contract Administrator approves operational readiness

| PERIOD OF FACILITIES MANAGER SERVICE | MAXIMUM AMOUNT PER PERIOD |
|--|--------------------------------------|
| Facilities Manager Services (contract section A.5) start through 6/30/2003 | \$ 123,333.34 |
| Facilities Manager Services (contract section A.5) 7/1/2003—11/30/2003 | \$433,333.33 |
| Facilities Manager Services (contract section A.5) 12/1/2003—6/30/2004 | \$ 6,753,297.78 |

| | |
|---|------------------|
| Facilities Manager Services (contract section A.5) 7/1/2004—6/30/2005 | \$ 11,086,848.00 |
| Facilities Manager Services (contract section A.5) 7/1/2005—6/30/2006 | \$ 10,916,409.00 |
| Facilities Manager Services (contract section A.5) 7/1/2006—6/30/2007 | \$ 10,812,801.00 |

Medical Eligibility (ME) Services, as described in Attachment B.7.2.(s), compensation shall be based on the Payment Amounts detailed below (Medical Eligibility Processing) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| MEDICAL ELIGIBILITY PROCESSING | MAXIMUM AMOUNT PER PERIOD |
|---------------------------------------|----------------------------------|
| ME Services 7/1/2004—6/30/2005 | \$1,415,499.00 |
| ME Services 7/1/2005—6/30/2006 | \$1,489,362.00 |
| ME Services 7/1/2006—6/30/2007 | \$1,574,248.00 |

Production Servers Support, as described in Attachment B.7.2.(t), compensation shall be based on the Payment Amounts detailed below (Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| PERIOD OF PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| Production Server Support 7/1/2004—6/30/2005 | \$219,255 |
| Production Server Support 7/1/2005—6/30/2006 | \$232,316 |
| Production Server Support 7/1/2006—6/30/2007 | \$246,161 |

Non Production Servers Support, as described in Attachment B.7.2.(u), compensation shall be based on the Payment Amounts detailed below (Non Production Server Support Costs) for units of service authorized by the State. The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Said monthly invoices shall be in an amount equal to the maximum amount per period detailed below divided by the number of calendar months in the subject period (the divisor shall be twelve (12) after the first period of service).

Pursuant to Section E.5., the State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract. Contractor shall be given at least 30 days prior written notice and the date of said assumption.

| PERIOD OF NON PRODUCTION SERVER SUPPORT COST | MAXIMUM AMOUNT PER PERIOD |
|---|----------------------------------|
| Non Production Server Support 7/1/2004—6/30/2005 | \$387,647 |
| Non Production Server Support 7/1/2005—6/30/2006 | \$410,755 |
| Non Production Server Support 7/1/2006—6/30/2007 | \$435,250 |

Modification and Enhancement Staffing compensation shall be based on the Payment Rates detailed below for units of service authorized by the State. The State shall compensate the Contractor for Change Order (Project Change Request) work based on the hourly rates below, in a total amount for each change request not to exceed the written estimate agreed upon by the State and the Contractor. The Contractor shall submit invoices no more often than monthly for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any

payment. Such invoices shall, at a minimum, include the name of each individual, the individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced.

All Systems/Project Change Requests submitted for implementation and approval must include timeframes, FTE hours, and other needed resources which have been mutually agreed upon by TennCare and the Contractor. The Contractor must have TennCare approval prior to beginning any work on a change request. Should TennCare or the Contractor determine that any changes in hours, resources or time-frames are needed, an amended change request must be submitted to TennCare for approval.

TennCare will continue to monitor the on-going hourly cost of System/Project Change Requests and will determine the number of FTE's needed to convert this function from an hourly rate to FTE's. Should it become apparent that it would be in the best interest of the State for EDS to add full time staff for this function, the State and EDS, by mutual agreement, will negotiate an Amendment to this Contract.

Travel: The Contractor shall not be compensated for travel time to the primary location of service provision. However, the State agrees to reimburse the Project Manager for travel expenses relating to special projects as defined by the State and necessary to implement changes to the TennCare program regarding enrollment, eligibility, benefits or any other changes required by federal or state law, regulation or policy or by federal or state court order. Compensation for travel expenses shall be in accordance with C.4. of the Contract.

Existing Rate Table

| MODIFICATION ENHANCEMENT LABOR CATEGORY | HOURLY RATE | HOURLY RATE | HOURLY RATE | HOURLY RATE | HOURLY RATE |
|--|-----------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Senior Systems Analyst (10+ years) | \$87.28 | \$89.37 | \$91.52 | \$93.72 | \$95.97 |
| Systems Analyst (1-9 years) | \$84.63 | \$86.66 | \$88.74 | \$90.87 | \$93.05 |
| Programmer Analyst III (5+ years) | \$69.75 | \$71.42 | \$73.14 | \$74.89 | \$76.69 |
| Programmer Analyst II (2- 4 years) | \$65.00 | \$66.56 | \$68.16 | \$69.79 | \$71.47 |
| Programmer Analyst I (0-1 years) | \$57.50 | \$58.88 | \$60.29 | \$61.74 | \$63.22 |
| Documentation Specialists | \$43.66 | \$44.71 | \$45.78 | \$46.88 | \$48.00 |
| Project Manager | NA | NA | \$144.84 | \$150.81 | \$158.15 |
| General Support Clerk | NA | NA | \$33.63 | \$34.43 | \$35.26 |

Note: Hourly rate for General Support Clerks as provided in the above Rate Table is an additional cost to the State above the fixed rate as provided in B.7.2.b.1 in regard to matching and distributing Remittance Advices and Checks.

Excess Operations Transactions (further defined in Section A.7 of this Contract) compensation shall be based on the Payment Amounts detailed below for any transaction units in excess of the contracted thresholds, as authorized by the State. The Contractor shall submit invoices no more often than quarterly (invoices for excess ballots shall be submitted annually), in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated.

| TRANSACTION TYPE | FIXED FEE PER TRANSACTION | | | | |
|---------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|
| | Start— 6/30/2003 | 7/1/2003— 6/30/2004 | 7/1/2004— 6/30/2005 | 7/1/2005— 6/30/2006 | 7/1/2006— 6/30/2007 |
| Claim Transactions | \$ 0.614 | \$ 0.647 | \$ 0.681 | \$ 0.717 | \$ 0.755 |
| Encounter Transactions | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Letters | \$ 0.219 | \$ 0.231 | \$ 0.239 | \$ 0.249 | \$ 0.258 |
| Daniels Letters | \$ 0.121 | \$ 0.127 | \$ 0.134 | \$ 0.139 | \$ 0.144 |
| Premium Statements/Bills | \$ 0.148 | \$ 0.156 | \$ 0.165 | \$ 0.172 | \$ 0.179 |
| Ballots | \$ 0.066 | \$ 0.069 | \$ 0.073 | \$ 0.077 | \$ 0.081 |

3. **Delete Section C.4.2. in its entirety and insert the following in its place:**

Neither the Contractor, its personnel, nor its agents shall be eligible for reimbursement for any travel expenses related to work performed at the Official Station. This includes, but is not limited to, travel to and from the Official Station and local subsistence.

However, as it relates to modifications necessary to implement changes to the TennCare program regarding enrollment, eligibility, benefits or any other changes required by federal or state law, regulation or policy or by federal or state court order, the State agrees to reimburse for travel expenses only as directly related to these changes. Compensation to the Contractor for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time. EDS is authorized to bill for this work per C3 of the contract.

4. **Delete Section C.4.3 in its entirety and insert the following in its place:**

The State shall compensate the Contractor for travel in those cases where, at the State's request and with prior written approval, Contractor personnel may be required to travel and work away from the Official Station.

5. **Delete Section B.7.2.b.1 of Attachment B of the Contract in its entirety and insert the following in its place:**


B.7.2.b.1 Mailroom Operations

Distribute bulletins, notices, identification cards (for QMB-only eligible populations), remittance advices (and collate with checks) and other documents to providers, clients, MCCs and other entities.

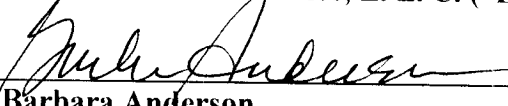
The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

ELECTRONIC DATA SYSTEMS CORPORATION:

 12/29/04
Barbara Anderson Date

EDS Information Service, L. L. C. ("EIS"):

 12/29/04
Barbara Anderson Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

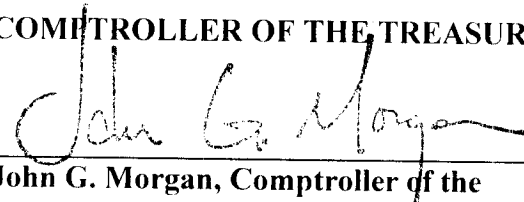
 1/6/05
M.D. Goetz, Jr., Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

 JAN 14 2005
M.D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

 1/14/05
John G. Morgan, Comptroller of the Treasury Date